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THE NEW REPUBLIC

WHAT THE NEXT PRESIDENT NEEDS TO KNOW ABOUT THE ECONOMY

Robert J. Samuelson

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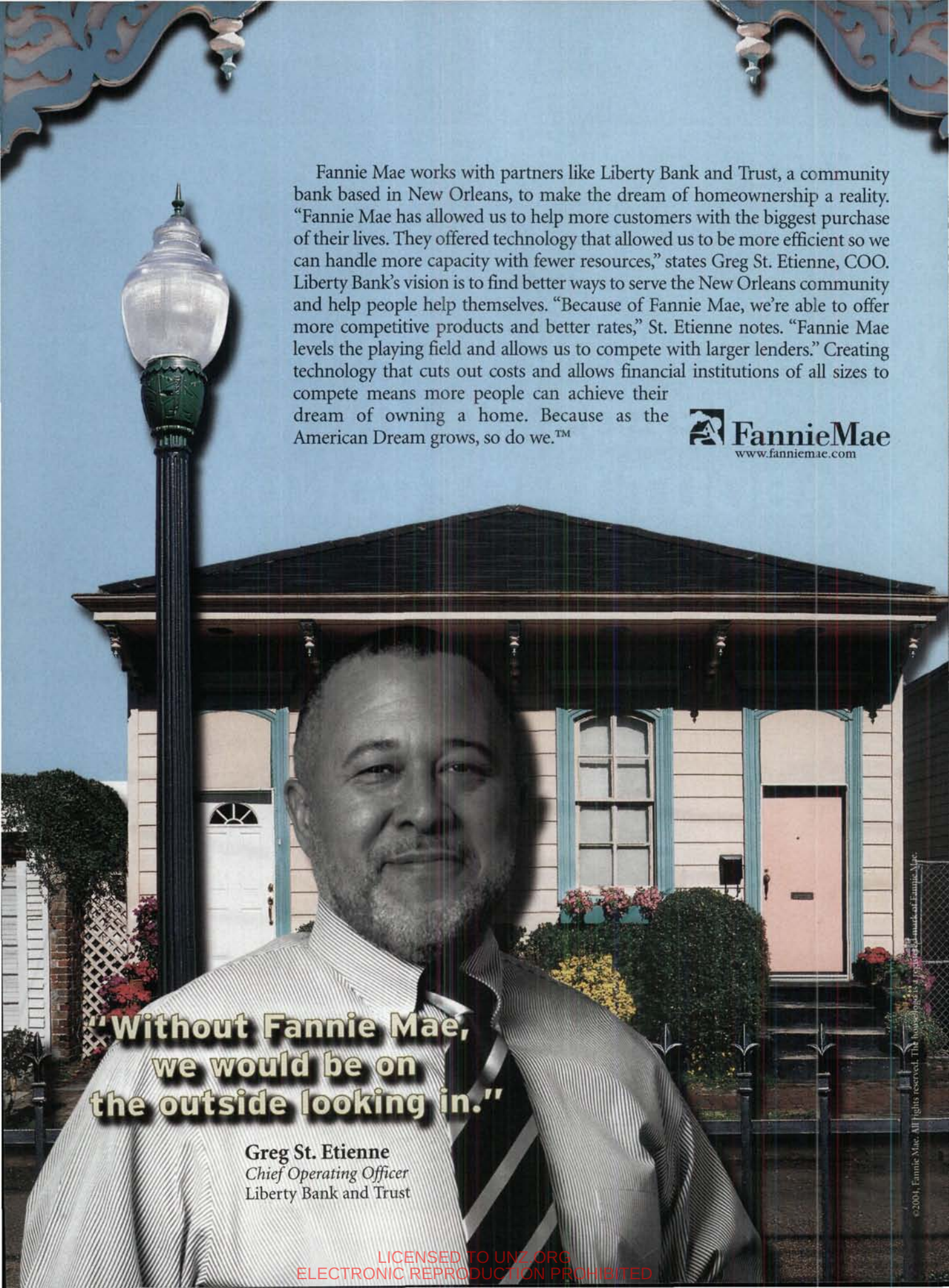

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COVER STORY

Robert J. Samuelson **26** **What the Boom Forgot** In Robert Rubin's memoir, the economic legacy of the Clinton years comes down to two main accomplishments: balancing the budget and defusing the Asian financial crisis. But these achievements provide little guidance in helping us cope with the problems that face America now. How will the next economics contend with the increasing size of government and the growing influence of globalization? A look at a few lessons that the 1990s neglected to teach us.

POLITICS & THE WORLD

4 **CORRESPONDENCE** Kara Baskin v. her alma mater, &c.

Peter Beinart **6** **TRB | Enemy Within** The real reason Republicans hate the 9/11 Commission: It's too nonpartisan.

The Editors **7** **Exit Strategy**
Ariel Sharon, George W. Bush, and the emerging two-state reality.

8 **NOTEBOOK** George W. Bush: mint-stealer, &c.

Ryan Lizza **10** **Campaign Journal: Rope-a-Dope**
John Kerry's daring spring strategy: Don't punch back.

Michael Rubin **11** **Baghdad Dispatch: Exit Poll** The U.N.'s new election plan may bring democracy to Iraq—just not liberal democracy.

Michael Levi **14** **Without Agency**
Why members of Congress are so ignorant about science.

James Ross **16** **Jaffna Dispatch: Prey** Sri Lanka's ugly peace.

Jeffrey Rosen **18** **Yawn**
Why gay marriage in Massachusetts won't matter anywhere else.

Nathaniel Frank **20** **Perverted**
The right's new weapon against gay marriage: bad social science.

Martin Peretz **38** **CAMBRIDGE DIARIST | Anniversaries**

BOOKS & THE ARTS

Stanley Kauffmann **22** **FILMS | New Places Within** *Son Frère* should bring éclat to Patrice Chéreau; *I'm Not Scared* leaves too much *en l'air.*

Robert Brustein **23** **THEATER | Reality Theater** *Well*, *Hannah and Martin*, and *Who Killed Woody Allen?* are evidence of our current obsession with fact in fiction.

Katia Kapovich **34** **POEM** | *Modus Operandi*

Ingrid D. Rowland **35** **The Missing Lynx** *The Eye of the Lynx: Galileo, His Friends, and the Beginnings of Modern Natural History* by David Freedberg

ILLUSTRATION BY *Dan Page*

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CORRESPONDENCE

PRO-CHOICE

MANY READERS OF "BULL RUN" will have nodded in approval when authors Eliot Spitzer and Andrew G. Celli Jr. argued that government intervention in the free market is needed to "enforce the rules," "deal with market failures," and "uphold core American values" (March 22). Spitzer and Celli like to point out that Enron has become the poster child for corporate greed and corruption. But Enron is small potatoes compared with corruption and failures found in government. Enron executives basically did what politicians did with Social Security: They were not honest with investors. The only difference between the two is that, unlike government executives, corporate executives cannot simply print money. If they could, Enron would not be bankrupt. Surely anyone can find examples of corruption in government. In Spitzer's own backyard, the New York Metropolitan Transportation Authority was widely reported to keep two sets of books.

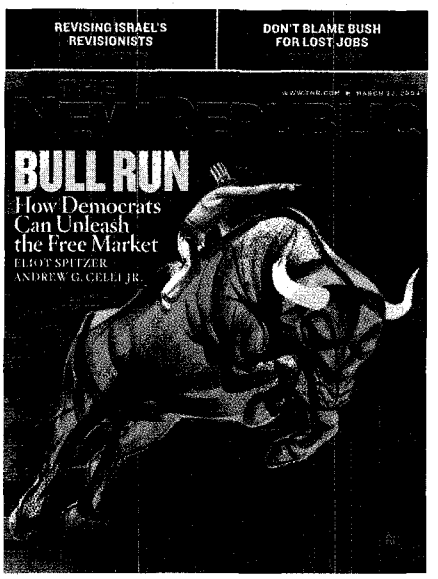
If, as Spitzer and Celli like to point out, pollution is an example of a market failure where the government must intervene, then they seem blissfully unaware that governments pollute. Love Canal, for example, was also a dumping ground for all levels of government waste. Government EPA intervention cost hundreds of millions of dollars. But few people are aware that all the pollutants are still there.

Individual liberty was once the core value in the United States. That value has now been regulated away in the name of the public interest. A free market is a place where values are accepted, not imposed. It maximizes choices. Liberty is just a different word for choice. Regulated markets reduce choices. Laws force people to do what they would not want to do if they were free. Imposing a Democratic face is no more free than imposing a Republican face.

WERNER HETZNER
Cohoes, New York

GIRL POWER

WHILE WRITER—AND MOUNT Holyoke alumna—Kara Baskin lauds the "brainpower of the students and the caliber of the professors" at top



women's colleges, she argues that schools like Mount Holyoke and Wellesley "are superior in spite of, not because of, their single-sex status" ("Singled Out," March 22). Nonsense. Baskin vastly underestimates the resonance and relevance of the women's education mission. Indeed, taking the long view of human history, women's education is in its infancy. It's a mere 167 years since Mount Holyoke, the oldest of the Seven Sisters, was founded, and only during the last 30 or so years have women had access to previously all-male institutions.

Within a world that is still overwhelmingly shaped and dominated by men, these distinguished women's colleges are proud places of, by, for, and about women. And applications to our colleges are at record-setting numbers. For to be at such a college is to be inspired by the strong women who have come before and to be motivated by the strong women who are one's peers. This is not a "hugely regressive form of female bonding," as Baskin claims; rather, it is a joyful embracing of both academic excellence and female selfhood. Rather than being "refuge from and preparation for male-dominated society," these vibrant colleges develop in women the confidence to take on and to change that male-dominated world.

JOANNE V. CREIGHTON
President
Mount Holyoke College
South Hadley, Massachusetts

WORD CRIMES

I THANK BENNY MORRIS FOR POINTing out to TNR readers that I have not changed my views—I am indeed still appalled by the ethnic cleansing of Palestine in 1948. Morris, however, changed his views: He now finds such war crimes acceptable. This is the only real argument between us. He wrongly attributes postmodernism and cultural relativism to me; I have very little to do with this ethical debate.

ILAN PAPPE
Haifa, Israel

BENNY MORRIS REPLIES:

ILAN PAPPE MAY BE "APPALLED" BY Israel's part in the creation of the Palestinian refugee problem. But much of the blame lies squarely with the Palestinians: They rejected the U.N.-proposed two-state solution (as they did again in 2000) and attacked the Yishuv. When an armed thug tries to murder you in your home, you have every right to defend yourself, even by throwing him out. This is not a war crime. On the other hand, massacres and rapes committed by Israeli troops (as well as by Arab troops) in the course of 1948 were war crimes and are indefensible. But my main problem with Pappe has nothing to do with all of this: He simply wrote a very bad book. ■

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50 Years Later, *Brown v. Board of Education* Tells Us to 'Get *in the* Way'

Kurt M. Landgraf,
President & CEO, ETS

Fifty years ago, a group of parents changed America, winning a court case that overturned racial segregation in the public schools. The U.S. Supreme Court's May 17, 1954, decision in *Brown v. Board of Education* held that "separate educational facilities are inherently unequal."

But as history students know, we study the past to learn about the present and build a better future. *Brown*'s lesson for today is that, for all the progress it reflected and encouraged, America's schools remain menaced by segregation. The division now is not just between Black and White, but between White and non-White; urban, suburban and rural; native and immigrant; affluent and poor. These divisions are reflected in the achievement gap.

According to the National Assessment of Educational Progress, by the end of 12th grade Black and Hispanic students' reading and math skills are roughly equal to those of eighth-grade White students. Research by Harvard University's Civil Rights Project shows minority students have no better than a 50-50 chance of graduating high school. Perhaps saddest of all, the Harvard research found that outside the South and Southwest, most White students have little contact with minority students.

The conclusion for today, then, is much the same as it was 50 years ago: "Separate educational facilities are inherently unequal."

U.S. Rep. John Lewis of Georgia, one of America's leading civil rights figures, recently spoke with one of my ETS colleagues. Lewis said he became involved in sit-ins to be an obstacle to inequality. As he put it, "That was my way of saying, 'We must get in the way.'"

If we're to close the achievement gap and fulfill the mandate of *Brown*, we, too, must "get in the way" of the status quo. Raising standards and strengthening accountability in every public school are part of that effort. So, too, are assessments, which tell us whether students know what they are required to know, and so help us improve teaching and learning.

The *Brown* decision demonstrates that individuals fired by a passion for justice can change the world. It is the challenge of our time to finish what *Brown* began. As John Lewis says, "We should teach our young people that we all live in this country together, that we all live in the same house. I call it the American house."

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Enemy Within

REPUBLICANS SAY THEY ARE dismayed by the partisanship of the 9/11 Commission. And, if you define partisanship as criticism of the Bush administration—the working definition on much of the right—they are exactly right. But, if you define partisanship the way it's traditionally understood—as placing party interests above national ones—then the 9/11 Commission hasn't been very partisan at all. And that's what really irks the GOP: They're dismayed that the 9/11 Commission isn't partisan *enough*. Because the less partisan the Commission is, the harder it is to discredit its findings.

So conservatives have tried to gin up Democratic bogeymen at every turn. They feasted on Democrat Richard Ben-Veniste's obnoxious questioning of Condoleezza Rice—a genuine partisan moment! They obsessed over John Ashcroft's accusation against Commissioner (and former Clinton Deputy Attorney General) Jamie Gorelick—a partisan face-off! They even tried appending the partisan attack-dog label to Democratic Commissioner Bob Kerrey, a difficult trick given that he famously backed the Iraq war and loathed Bill Clinton. Their purpose is clear: to turn the most important national security investigation of our time into a "Crossfire"-style he-said, she-said signifying nothing. Who says Republicans don't like relativism?

The problem is that the important he-said, she-said isn't between Republicans and Democrats. It's between the Bush administration and career CIA and FBI officials. In some cases, it's even between the Bush administration and itself. Consider a few examples.

Condoleezza Rice versus the CIA

The Bushies' first big problem with the 9/11 Commission came when the administration's former counterterrorism coordinator, Richard Clarke, said it ignored Al Qaeda despite grave warnings in 2001. Clarke—a career official who had served under George H.W. Bush and Ronald Reagan—was an unlikely Democratic partisan. But Republicans noted that he was more critical of Bush than of Clinton—in other words, a partisan

TRB FROM WASHINGTON

of the first order. And they tried mightily to drag the Kerry campaign into the fray—suggesting that Clarke was close to Rand Beers, who left Bush's White House to join John Kerry's campaign.

Unfortunately for the Bushies, other counterterrorism officials corroborated Clarke. Deputy Director of the CIA John McLaughlin told the Commission that, in 2001, there was "a great tension ... between the new administration's need to understand these issues and his sense that this was a matter of great urgency." Two CIA counterterrorism officials said they were "so worried about an impending disaster" that they considered resigning to protest the Bush administration's lack of interest in Al Qaeda.

Condoleezza Rice versus Richard Armitage and Stephen Hadley

To combat Clarke's claim that the Bushies didn't accord terrorism the same priority it had enjoyed under the Clintonites, Rice said the administration spent 2001 developing a tough new game plan against Afghanistan—one that "called for military options," including ground troops. But Deputy Secretary of State Richard Armitage said no such military plan existed. And the Commission found "no evidence of new work on military capabilities or plans" before September 11. Rice also denounced the Clinton administration's strategy of trying to "just roll back Al Qaeda," which she contrasted with the Bush administration's efforts to "eliminate" it. But the distinction was lost on her deputy, Stephen Hadley, who, in a written statement in 2002 to the joint congressional September 11 inquiry, described the *Bush* administration's counterterrorism policy in exactly the terms Rice had derided: as an effort "to 'roll back' Al Qaeda."

John Ashcroft versus Fred Fielding

No one tried harder to turn the 9/11 Commission into a partisan slugfest than Ashcroft. On the eve of his testimony, he conveniently declassified a memo on law enforcement cooperation that Gorelick had written as deputy attorney general. And he accused the Clinton administration of lacking the guts to try to kill—as opposed to merely capture—Osama bin Laden. How, exactly, Ashcroft squared this analysis with the Clinton administration's 1998 decision to lob missiles at bin Laden's Afghanistan camp, the attorney general didn't explain. But his assertion was quickly disputed by Commissioner Fred Fielding, who said, "We have received recent information in regard to MONs [Memoranda of Notification from the President], which I believe may alter your evaluation." Fielding, alas for Ashcroft, is a Republican.

John Ashcroft versus the FBI

But, try as he might to keep the spotlight on Bushies versus Clintonites, Ashcroft kept confronting pesky criticism from the FBI. Former Acting FBI Director Thomas Pickard said that, after two briefings on terrorism in the summer of 2001, Ashcroft "told him he did not want to hear this information anymore," according to a Commission staff report. Pickard also said Ashcroft turned down his appeal for more FBI counterterrorism funding; Pickard received the formal rejection on September 12, 2001. Ashcroft angrily denied Pickard's claims. Unfortunately for him, then–FBI Counterterrorism Division Assistant Director Dale Watson told a similar story, recounting to the Commission that, when Ashcroft's Justice Department issued a budget memo in May 2001 omitting terrorism from its list of priorities, "he almost fell out of his chair." Just in case Watson, too, is a stealth Democratic operative, a Commission staff report itself says, "The FBI's new counterterrorism strategy was not a focus of the Justice Department in 2001."

In a March 27 column, conservative *New York Times* columnist David Brooks criticized the partisanship that has accompanied the 9/11 Commission and suggested that Americans focus on the Commission's staff reports instead. Brooks is absolutely right. I suspect the Bush administration, however, may disagree.

PETER BEINART

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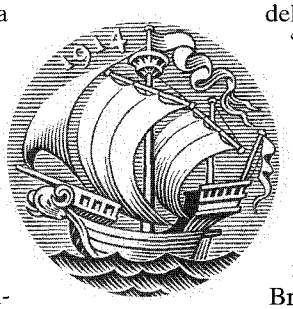
Exit Strategy

THE APRIL 14 meeting between President Bush and Prime Minister Ariel Sharon was a climactic moment of both grim and hopeful truth. For Sharon and the Likud, it represented the belated and ideologically embittering acknowledgment of demography—the recognition that Israel can safely preserve its Jewish and democratic character only if its territory contains a hefty majority of Jews. The contemporary history of multinational states has been, after all, relentlessly painful.

Ideally, the withdrawal from Gaza would have been arranged through a negotiated agreement with the Palestinian Authority (P.A.). But the P.A.'s sordid record on terrorism made it an unpalatable partner, and its two successive powerless prime ministers, obsessed with protecting their own backs from the militias around them, showed little interest in parleying with the Israelis. So Sharon acted on his own. He seems also to have accepted the principle that Israel will leave parts of the West Bank. This may eventually cost him his right-wing coalition; it will likely be succeeded by a coalition with mainstream Labor, also good news.

Sharon's arrangements with Bush over the future of the West Bank are much more ambiguous than his immediate plans for Gaza. But it is already evident that those Israelis who have planted themselves in isolated and precarious enclaves surrounded by Palestinian towns and villages and requiring continuous military protection should start looking for new housing. Ditto for those communities that impede the territorial contiguity of a Palestinian state. But even the widely misread Security Council Resolution 242 stipulated that Israel would not be obliged to vacate all the land it captured in the defensive war of 1967. So the differences between the United States and Israel over withdrawal in the West Bank will now focus on those Jewish towns that have grown up close to the old and treacherous cease-fire lines of 1949, which left Jerusalem exposed, like cold war Berlin, and other parts of Israel eight to ten miles in depth between the West Bank and the sea. Until now, no American president has translated these facts into policy. The Palestinians will have to recognize this reality, too.

Sharon now envisions a Jewish state living alongside a viable Palestinian one. Whether the ultimate peace between the two proves robust will depend on Palestinians' renunciation of their romance with terrorism. Bush understands this, too. He has freed himself from the rancorous attitude toward Israel displayed by his father and his secretary of state, James Baker, and he has disallowed any Palestinian fantasy, couched in the cunning slogan about a "right of return," of overturning the demographic realities of Israel. Yet Sharon or his successors should likewise not succumb to visions of a chintzy and hobbled Palestine, even when they are making, as they are now, unilateral and unreciprocated concessions. They must not claim a dunam more than is required for the safety of Israel. Someday, perhaps sooner than later, a Palestinian leadership whom reasonable people can trust will emerge and come to the negotiating table without illusions.



But we certainly are not there yet. Dangers do loom. Will Palestinians interpret Israel's withdrawal as retreat, and compromise as defeat, in the manner of the disastrous Hezbollah misunderstanding of the Israeli withdrawal from Lebanon? And who will police against cross-border rockets and artillery from Gaza? What happens if, amid the thousands of laborers crossing into Israel daily for work, there are suicide bombers? These are not talking points, these are matters of life and death. And the Israelis cannot leave these matters to luck, and they will not.

The Palestinian street remains frenzied, and Israel cannot relent in its war against terrorism. A few weeks ago Hamas leader Abdel Aziz Rantisi vowed, "If by Apache or by cardiac arrest, I prefer Apache." Sharon gave him his wish. And the tiresome chorus of eminences—Kofi Annan, Javier Solana, the foreign secretaries of Japan, Great Britain, France—went into its usual liturgy of appeasement: unlawful, unjustified, counterproductive. The establishment opposition to Sharon's war against terrorist leaders, and to the fence that will certainly stop most of their terrorist followers, is by now sheer ritual. Its relevance has collapsed under pressure from reality, under pressure from this American president. ■

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NOTEBOOK

GEORGE W. BUSH, MEET HOMER J. SIMPSON

THE AGENDA

ACCORDING TO BOB WOODWARD'S latest book, *Plan of Attack*, President Bush navigated the path to war in Iraq through sheer disingenuousness. No money for combat preparations in the Persian Gulf? Secretly siphon funds from Afghanistan. Worried about Colin Powell's objections? Keep the secretary of state out of the loop. Asked whether you're planning to invade Iraq? That one's a little more complicated. On May 23, 2002, standing beside German Chancellor Gerhard Schroeder at a Berlin news conference, Bush responded to a question by saying, "I have no war plans on my desk." But Woodward's book suggests otherwise: In November 2001, Bush apparently ordered Secretary of Defense Donald Rumsfeld to have General Tommy Franks begin devising war plans, and, five weeks later, Franks briefed the president on the military's initial strategy for attacking Iraq. How can Bush square these conflicting narratives? Perhaps he was speaking literally. According to Woodward, "That desk, I've been there. ... [There's] never anything on it. And he keeps a clean desk." Well, at least Bush was honest about that one.

MAESTRO

WOODWARD ALSO ALLEGES THAT the Saudi ambassador, Prince Bandar, promised to reduce oil prices before the 2004 election, thereby lowering gas prices, boosting the economy, and removing a thorn from President Bush's side. But the charge was almost overwhelmed by the absurdity of the Bush administration's response. Confronted with questions about the revelation, Press Secretary Scott McClellan insisted over and over again that "I'm not going to speak for Prince Bandar" and finally responded that "the markets should determine prices." But, of course, the price of oil is *not* determined by the market. That's the whole point. OPEC is

Bob Woodward

a *cartel*, of which Saudi Arabia is the most prominent member. OPEC meets regularly to set production limits and target prices. Perhaps most important for the Bushies, they meet during election years.

THE COMMANDERS

FINALLY, WOODWARD'S BOOK HAS one scoop that has been shamefully neglected: George W. Bush's White House *is* the goofy "Saturday Night Live" parody of itself. He captures Vice President Dick Cheney dozing off during meetings and tells the story of how, ten days before his inauguration, the president-elect journeyed to the Pentagon for a briefing with top brass and outgoing Defense Secretary William Cohen on the most important matters of state. Woodward renders the scene like this: "The [Joint Chiefs'] staff had placed a peppermint at each place. Bush unwrapped his and popped it into his mouth. Later, he eyed Cohen's mint and flashed a pantomime query, Do you want that? Cohen signaled no, so Bush reached over and took it. Near the end of the hour-and-a-quarter briefing, the chairman of the Joint Chiefs, Army General Henry 'Hugh' Shelton, noticed Bush eyeing his mint, so he passed it over." No-fly zo ... mmm, mints.

NO WORD YET ON THE DEATH TOLL FROM DEMOCRATIC OPPOSITION TO BUSH'S JUDGES

IN JUNE OF LAST YEAR, WHEN SENATE Minority Leader Tom Daschle bemoaned the Bush administration's diplomatic bungling on Iraq, House Speaker Dennis Hastert said the comment came "mighty close" to giving "comfort" to the enemy. More recently, Republican Senator Mitch McConnell laid into Ted Kennedy, whose criticisms of the postwar, he ominously noted, would be seen in Baghdad, "where those who are fighting Americans on the street can view them." Even President Bush has suggested dissenters should remain silent, saying during his April 13 press conference that comparing Iraq to Vietnam "sends the wrong message to our troops and sends the wrong message to the enemy." But Tom DeLay broke new ground on April 16 with his comment that the "politicization of the [9/11] Commission undermines the war effort and endangers our troops." What on earth can that mean? At least criticism of Iraq has something to do with the situation in that country, but what exactly do hearings about pre–September 11 intelligence have to do with Iraq? And how exactly could they threaten the American troops stationed there? No word yet on how many deaths have needlessly resulted from the Commission's efforts.

PAPER CUT

LAST WEEK, THE *ST. LOUIS POST-Dispatch* ran a lengthy editorial criticizing members of the Missouri House

DAVID COWLES

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of Representatives, many of them Republicans, for using state-funded health insurance while at the same time voting for cuts in the state's Medicaid budget. It was a brave move, and it came with dire, immediate consequences: A few days later, Republican State Representative Richard Byrd inserted an amendment to an economic-development bill to eliminate tax breaks for newspapers on things like printing equipment and ink; the bill promptly passed the House on strong GOP support. The state's Republicans, of course, claim that their move was simply "closing corporate tax loopholes," not retribution. Set aside, for a moment, the fact that the amendment is structured in such a way that it applies exclusively to the *Post Dispatch* and *The Kansas City Star* while keeping the breaks for the bulk of the state's other papers. Also set aside the fact that almost every other state gives newspapers similar breaks. Rather, the most jarring, ironic element of the Missouri Republicans' newfound interest in closing corporate loopholes is that, for more than a year, they have been fighting a blistering battle with Democratic Governor Bob Holden to protect $100 million in—you guessed it—corporate tax loopholes. Holden's push to tax companies that shift money out of the state to avoid paying taxes was shot down last year, with Republicans painting the proposal as an anti-business tax increase (in the state GOP's vernacular, corporate loopholes are usually known as "incentives"). Holden has promised to reintroduce the measure this year, but, given that he's also running for reelection, it's not clear how much time and energy he can put into the effort. Interestingly, the Missouri Citizen Education Fund notes that many of the companies that would have been targeted under Holden's bill have given generously to the GOP over the years. Obviously, these companies know a little something about Missouri politics that the *Post-Dispatch* doesn't. ■

TNR.commentary

IRAQ'D

SPENCER ACKERMAN

STILL OUR MAN IN BAGHDAD: ABC News' recent pre-Iraq-meltdown poll, conducted in February and released in mid-March, contained the startling finding that Ahmed Chalabi, much beloved by the Defense Department and the vice president's office, is far and away the most distrusted politician in Iraq. Ten percent of Iraqis said they didn't trust Chalabi "at all"; only 3 percent said the same of *Saddam Hussein*. Nevertheless, Chalabi's neoconservative allies still cling to his Iraqi National Congress (INC) as the key to success in Iraq's democratic experiment, and the Bush administration seems to be pulling out all stops to ensure that the returned expatriate and his party are extremely well-positioned in the coming days.

Most important, as the United States toppled Saddam last year, the INC was allowed to seize a treasure trove of files from the dictator's state-terror apparatus, which Chalabi promptly used to threaten his political enemies. Access to these files landed Chalabi, whom L. Paul Bremer placed on the Iraqi Governing Council, at the head of the immensely powerful De-Baathification Commission, which will allow Chalabi a prime role in determining who was criminally complicit in Saddam's crimes. (In effect, Chalabi can say to his political opponents that he has a file on them.)

Then, there's the fact that the Pentagon has set aside upward of $4 million this year for the INC to provide the United States with "intelligence"—a sick joke considering that it was the INC that provided the United States, prior to the invasion, with false, but politically useful, accounts of Iraq's weapons of mass destruction and ties to Al Qaeda. If that's not enough, Chalabi is tied to firms that won "unrealistically" low-bid contracts for reconstructing Iraq.

Now comes the news that Chalabi's nephew Salem will be the general director of the tribunal that tries Saddam and his accomplices. This affords the INC a unique, and uniquely potent, political asset. In a post-totalitarian country that lacks a Nelson Mandela figure—that is, a widely accepted symbol of resistance to tyranny—a politician who can cast himself as the one making the dictator pay for his crimes becomes the next best thing.

But, for all this support, what might we get? A government helmed by a political figure apparently so distrusted that it's doubtful he'll survive absent sizeable and sustained backing by the U.S. military. Is that what we want for ourselves—and for Iraq?

EASTERBLOGG

GREGG EASTERBROOK

SAVING WOODWARD: Bob Woodward could have been a great writer but instead chose to be a rich one. Extended sections of his recent efforts have been fabricated in the literalist sense, with speculative conversations placed in quotation marks. What is presented may be similar to what was actually said but cannot have the verity Woodward claims (unless George W. Bush and Colin Powell taped their private conversations). Woodward and his editors have thus cheapened the quotation mark, changing its meaning from "what was said" to "whatever sounds about right." Why do Woodward and his publisher, Simon & Schuster, persist in this slapdash technique.

Indeed, one reason journalism keeps declining in public standing is that Woodward, a leading figure, so prominently devalues the craft. Considering his impressive talent and industry, he could be writing books that were rock-solid and within the rules of serious nonfiction—he did write such books once. Now, he turns out volume after volume that is the printed equivalent of the foam contractors spray into the spaces between walls.

Even *Plan of Attack*'s worthy moments are buried beneath such foam. The book argues that Bush administration officials had resolved to attack Iraq during the period they were swearing before the world—and our allies, through diplomatic channels—that they had not yet made up their minds. That is a vital point and could be the thesis of a vital book. But Woodward failed to draw out the important work he could have written from a collection of less-than-surprising claims that top administration figures bickered, schemed, and stabbed each other in the backs. To obsess over what snide thing Dick Cheney said to Powell or Powell said to Donald Rumsfeld reduces affairs of state to trivia.

People treat Woodward books as significant out of respect for what he once was, a tremendously important writer and thinker. What bothers yours truly is my sense that Woodward could still be an important writer and thinker: that he is capable of producing a great book and, instead, is wasting his talent on these made-for-TV-movie efforts. Bob, you can't possibly need the money at this point. Don't spray any more foam. Write something difficult and significant.

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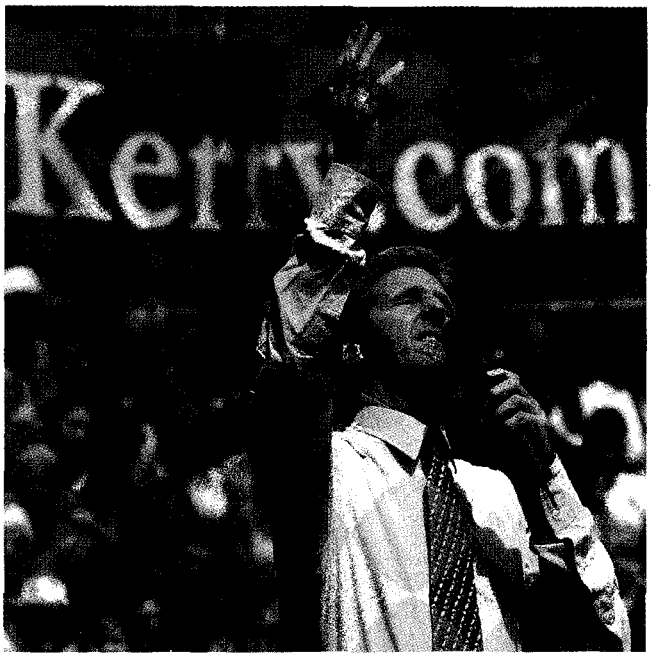
Campaign Journal

Rope-a-Dope

BY RYAN LIZZA



Critics may have prematurely panned John Kerry's decision to save money for a late spring ad blitz.

WHEN JOHN KERRY was a swift-boat commander in Vietnam, his job was to steer his small, noisy vessel down the Mekong Delta in an attempt to draw enemy fire. As *The Boston Globe* explained in its excellent series about the candidate last June, "Kerry's mission was to wait until hidden Vietcong guerrillas started shooting, then order his men to return fire." Not surprisingly, swift-boat crewmembers were frequently shot. The commander of these operations once estimated that his men had a 75 percent chance of being killed or wounded. Kerry himself was injured three times.

Kerry's presidential campaign strategy echoes his days on that swift boat: He has spent the last eight weeks drawing enemy fire and taking hits. Consider the numbers: The Bush campaign has raised $184 million and spent $100 million of it, half of that on TV ads. "It's the most expensive and concentrated political advertising campaign we've ever seen in American politics," says Tony Corrado, a campaign finance expert at the Brookings Institution. Kerry stumbled out of his primary victory and into President Bush's sights, as vulnerable as he was in his flimsy boat taking incoming from the Vietcong. He had little money, and his campaign wasn't yet staffed for the general election.

Worse, the little money Kerry did have, or the money spent on his behalf by so-called 527s, did not fund what would have been the most effective commercials—those making an affirmative case for him. "Attack ads against Kerry and positive ads from Kerry should be the most powerful ads," says Mandy Grunwald, who made Bill Clinton's spots in 1992, "because Bush's positive case is known and the case against him is known." Yet the 527s have spent at least $28 million in the last two months on ads attacking Bush. And, instead of a biographical ad or positive spot in which the senator articulates his plans for the country, the gist of the Kerry campaign's advertising has been to defend him from Bush's tax-raising charge. "They are basically doing defense on taxes so far," says a top Democratic strategist.

All of which has prompted concern among Democratic strategists outside the Kerry campaign. Some blame the strained relationship between Kerry's ad-makers that led to the recent departure of former adman Jim Margolis. Others blame the memory of the last Massachusetts Democrat to win his party's nomination. "One theory is that the Kerry people are obsessed with [Michael] Dukakis," says the strategist. "They are fighting the last war—rapid response above all else."

But, whatever the explanation, the Kerry strategy may not be so bizarre. Indeed, after absorbing the full brunt of Bush's most concentrated attack for eight weeks, the race is essentially tied. And that is before Kerry has really started to return his fire. When I asked one of Kerry's most influential advisers about the criticism of the campaign's decision to lay low through March and April, he sharply dismissed the complaints and pointed out that just because Kerry has been almost invisible over the last eight weeks doesn't mean the campaign hasn't been doing anything. He pointed to the Iowa caucuses, where the campaign quietly laid the groundwork for victory even as the press dismissed Kerry as a goner and hinted at a similar effort this time around. "I'm not paying attention to you guys anymore," he said.

SO WHAT HAS Kerry been doing in the weeks since clinching the nomination? Raising money—more money than any presidential candidate, Democrat or Republican, has ever raised in a single quarter. While Bush burned through over $50 million in the last two months, almost one-third of the total he has raised, Kerry banked $55 million.

The Bush strategy was to use the ad blitz to put the race away by the end of April. But Kerry's money has exposed several flaws in the Bush campaign's assumptions about the race. First of all, the White House originally assumed that a bloody Democratic primary would force the eventual nominee to spend so much money that he would be hemmed in by restrictive spending caps that come with taking federal dollars. But, following Howard Dean's lead, Kerry opted out of that system and its rules for the primaries.

RICHARD PATTERSON/EPA/LANDOV

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More important, the White House assumed the Democratic nominee would simply have no money to spend. But, within 48 hours of Super Tuesday, March 2, Kerry raised $4.6 million online. The money never stopped pouring in. Kerry raised $42.8 million in March alone, fueled by 200,000 individual online donations. "That allowed us to bridge the gap as we got into the traditional fund-raising," says Michael Meehan, a senior Kerry aide. On March 29, Kerry pivoted to wealthier donors and embarked on a monthlong fund-raising tour to hit up $2,000-check-writers in 20 cities. As Tad Devine, a senior Kerry strategist, pointed out in an April 21 call with reporters, Al Gore had just $9 million to spend from Super Tuesday to the convention. John Kerry will have about $100 million.

But, instead of spending this money as it came in, the Kerry campaign made a decision to absorb Bush's blows and to rely on the effects of the 527s and the negative news from Richard Clarke, Iraq, and the 9/11 Commission. This decision may be remembered as the most brilliant move of the campaign or the one that cost Kerry the presidency. It is a large-scale version of rope-a-dope—allow your opponent to unload with his most powerful punches as you hunker down and bide your time, waiting to unload in the next round, once the other guy has spent himself. If it works, it will partly be because Bush was hit with a blizzard of bad news that overlapped precisely with his anti-Kerry advertising schedule. "[Bob] Shrum was lucky, not good," says one Democratic strategist, speaking of Kerry's senior adviser. "I wouldn't want to plan my presidential election strategy around the machinations of some wacko Iraqi cleric and the Simon and Schuster publication schedule, but those are the only things keeping this 'don't shoot until you see the whites of their eyes' gambit plausible."

Still, the implications of Kerry's decision to sit on his fund-raising haul are profound. Most important, Bush's greatest mechanical advantage—his war chest—is no longer a top concern for Kerry. On March 1, Kerry had $2.4 million in the bank and Bush had $110 million. By the end of April, a rough educated guess, based on how both candidates are raising and spending money, would put Kerry's cash on hand at about $60 million and Bush's at about $75 million. But Bush may actually be at a disadvantage. First of all, Kerry will continue to be supplemented by the millions of dollars the 527s will still be spending for him. And Bush's money has to last a month longer than Kerry's. Once each candidate is officially nominated at his respective convention, he can no longer use the money he has been raising for the last year. Bush and Kerry plan on abiding by the federal financing rules and will run their general election campaigns with the $75 million check the government will hand over on the fourth night of each convention. Kerry gets his check on July 29. But, because Bush scheduled the Republican Convention in late August and early September, partly to push it closer to the third anniversary of September 11, the president doesn't get his money until September 2. It is conceivable that, in the three months before the Democratic Convention in Boston, Kerry will spend *more* on advertising than Bush. "In May, June, and July, Kerry should be spending about $4.4 million a week," says a Democratic strategist. "That's what Bush is spending now. And that doesn't include the outside groups." Compounding the problem for Bush is the fact that during the Olympics, in August, advertising prices across the TV spectrum will rise dramatically. (The flip side of this, of course, is that Bush will have just two months to spend his $75 million after the convention, while Kerry will have to stretch the same amount over three months.)

On Wednesday, Kerry finally began his counterattack and released two new ads. One shows him standing in a formal living room in front of an American flag, speaking directly into the camera while patriotic music plays softly. He talks about his "clear national priorities for America," security, jobs, health care, and education. In a second, similar ad, he talks about Iraq. Aides say the ads are mostly an attempt to make Kerry look "presidential," which Mike Donilon, the partner in Shrum's firm who made the ads, says "is typically a very high hurdle for challengers to get over." The Bush campaign immediately responded with its toughest spot of the campaign, an ad called "Doublespeak" that features quotes from biting newspaper editorials criticizing Kerry. The basic strategies are simple and unlikely to change for a long time. Bush knows he is vulnerable to defeat, so he must disqualify Kerry as an acceptable alternative to the majority of voters who want a change. Kerry must finally define himself as a potential president for those same voters.

The old conventional wisdom was that all this had to be done in the early spring. Kerry has bet his campaign on the fact that it can be done this summer. "We made a decision to parry," says Devine, speaking of Kerry's March and April lull, "and now we have begun our thrust." Of course, it could be too late. ■

Baghdad Dispatch

Exit Poll

BY MICHAEL RUBIN

Last week, U.N. Special Envoy to Iraq Lakhdar Brahimi stood before TV cameras, journalists, and diplomats in Baghdad's convention center and outlined his plan for the country's interim government, which will be vital to ensuring progress toward democracy. "There is no substitute for the legitimacy that comes from free and fair elections," Brahimi said. "Iraq will have a genuinely representative government."

But there are different kinds of "representative government," some that merely represent the majority and others that protect the rights of minorities as well. And, unfortu-

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nately, the type of elections Brahimi appears to support may usher in the former—which would mean Iraq might get a democracy next year, but certainly not a lasting one.

IN RECENT MONTHS, a gap has developed between how Iraqi liberals envision elections and how the United Nations and the Coalition Provisional Authority (CPA) apparently want to conduct them. The United Nations and the CPA are moving ahead with the idea of party-slate elections, in which voters select their favorite national political party, which then claims a proportional number of seats in parliament. Iraqi liberals, by contrast, favor a constituency-based system, in which contests take place not between national political parties, but between individuals in each local district.

This fissure could have been avoided: For almost a year, the CPA has worked to guide Iraq to a political transition, studying how elections might be used to create a society in which all groups' rights are upheld. I worked for the CPA, as an adviser seconded to Iraq from the Pentagon, between July 2003 and March 2004. In January 2004, a team of democracy experts, visiting Iraq from the United States at the request of the CPA, concluded, "It is fair to say that the two largest parties [in Iraq], Dawa and the Supreme Council for the Islamic Revolution in Iraq [SCIRI] do not at present share a fundamental commitment to the kind of political system that would be defined as 'democratic' in the West." In other words, these two parties had little interest in upholding individual or minority rights. Indeed, discussing Iraq's interim constitution in an interview with *Al Hayat*, a leading Arabic newspaper, SCIRI adviser Hammam Hammudi recently said, "The law under dispute is temporary and can be changed after one year [after elections]" to give Islam a much more prominent role.

The CPA realized that not only were Dawa and SCIRI uninterested in real democracy, but also that a national party-slate election would likely lead to a rout by these Islamist groups. After all, Dawa—whose leader, Ibrahim Jafari, regularly polls as Iraq's most popular politician—and SCIRI are well-funded and organized, in part because they enjoy the support of Iran, while secular and liberal groups remain fragmented nationally. Not surprisingly, groups like Dawa and SCIRI favor the party-slate model, which would give them more seats in parliament and perhaps help them legislate Islamic law. "If [SCIRI head Abdul Aziz Al] Hakim gets fifty percent of the votes, we'll take fifty percent of the seats" and dominate parliament, one of Hakim's supporters told me earlier this year in the lobby of the Iraqi Governing Council building. Conversely, in a party-slate system, "I [would] have no one to support," an Iraqi liberal journalist recently complained to me.

Instead, secular Iraqis support constituency-based elections, which would dilute the national power of the Islamist parties and make politicians more accountable to the people they represent. "Democracy is about accountability," a secular Baghdad district councilman told me. "You can't have democracy if you're not tied to the people." Three liberal Governing Council deputies recently explained to me how a constituency-based system would work. It would provide for a 275-member National Assembly representing electoral districts of some 87,000 Iraqis each. Contests would take place between individuals in each district, and many of Iraq's more liberal Governing Council members probably could win their home districts. Raja Al Khuzai, an outspoken Shia advocate for women's rights, is popular in her hometown of Diwaniya. "She comes down every weekend," a group of professionals told me in January. "She listens." Residents of Khadimiya, home to Iraq's third-holiest Shia shrine, favor Iraqi National Congress head Ahmed Chalabi. "His father supported us, and he supports us," the caretaker of the shrine explained. "We do not forget our friends."

Minorities and older Iraqis also favor elections based upon constituencies. Distrust of political parties runs deep among older Iraqis, who remember the 1950s and 1960s as a time of pitched street battles between adherents of increasingly shrill leftist and nationalist parties. "The Communists and Baathists used to attack each other in the streets of Mosul," an older Kurdish TV executive told me. Christians, less than 3 percent of Iraq's population, remain concentrated in towns like Alqosh, Ainkawa, and Duhok, where they would be able to elect local Christian representatives; in a national, party-slate system, by contrast, they would probably have no representation. Similarly, Iraq's 150,000 Yezidis, followers of a native pre-Islamic religion, are worried about party-slate elections. In September, when I visited the mayor's office in Sinjar, a largely Yezidi town in western Iraq, he complained, "If we can vote as a unit, we can be a part of any new government."

In a constituency-based electoral system, the uncharismatic, corrupt party hacks who hope to ride to power on the coattails of national party bosses would likely be less successful. Sitting in a teahouse in the southern city of Nasiriya earlier this year, I struck up a conversation with a young waiter, who said he would vote for SCIRI's Hakim. When I asked for whom he would vote if Hakim could not run in his district, the 19-year-old said he did not know any of SCIRI's local party representatives—while the Islamist parties have considerable funds and vibrant, popular leaders, they do not have a large network of capable local politicians. I have had similar conversations in Baghdad, Basra, and Kirkuk. Indeed, if elections were based on constituencies, the support base of Shia populists like Hakim would likely be undermined.

The CPA initially shied away from direct elections altogether. CPA head L. Paul Bremer favored a series of regional caucuses, which might have made politicians accountable to local voters and thus to liberals and minorities. But, ultimately, Bremer buckled to pressure from Grand Ayatollah Ali Al Sistani for direct elections, even as Islamist politicians' statements, banners, and slogans hinted at the

Michael Rubin is a resident scholar at the American Enterprise Institute.

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radicalism of some Iraqi Islamist leaders. And Brahimi and other U.N. officials overseeing the transition remain vague but appear to support the idea of a national party–slate election. Meanwhile, the Bush administration has not even defined electoral districts—a sign that, ultimately, the United States will back a party-slate poll.

DECENTRALIZING IRAQ'S POLITICAL system may be the only way to prevent the country from falling apart. Fear of future disenfranchisement at the hands of a Shia majority contributes to anger and violence in Sunni cities like Baquba, Falluja, and Tikrit. "The Shia can live as they want in Najaf and Karbala," one Baquba businessman told me, "but we don't need them telling us how to live here."

Unfortunately, a single national poll, while easier to administer, will only contribute to this disenfranchisement. Shia Islamists understand the idea of the tyranny of the majority: "The first article in a democracy is the rule of the majority over the minority," influential Karbala cleric Sayyid Hadi Al Modarresi told *Al Hayat* in March. It's surprising that Brahimi, who hails from Algeria, where Islamists tried to use an election to create a dictatorship, doesn't understand that, too. ■

Why Congress can't do science.

Without Agency

BY MICHAEL LEVI

LAST MAY, CONGRESS brushed up on its physics and debated whether to proceed with research on the Robust Nuclear Earth Penetrator (RNEP), a nuclear bomb intended to penetrate the earth before detonating, thus enhancing the military's ability to destroy buried bunkers. The administration was pushing hard for the weapon, which it claimed could destroy rogue-state weapons of mass destruction hidden underground, and it enjoyed strong support from congressional Republicans. Democrats, however, firmly opposed building any new nuclear weapons.

Taking to the Senate floor, Democrats Richard Durbin and Carl Levin engaged in a strange, faux-scientific exchange purporting to illustrate how the new RNEP might kill ten million people with one blast. In truth, they badly overstated the impact of the explosion while completely ignoring the effect of deadly radioactive fallout. Republican Senator Jon Kyl, by contrast, argued for the RNEP, declaring, "If you get deep enough underground with enough concrete and steel above your head, [existing U.S. bombs] can't get you. ... There is only one way to get [such targets], and that is through a precise, low-yield nuclear weapon." Yet, in actuality, very deep bunkers would be impervious not only to low-yield bombs, but also to bigger bombs. In other words, both sides of the nation's chief deliberative body were woefully misinformed about a key security question.

Yet it's difficult to blame members of Congress for making such unfounded claims. Congress, after all, has no source of information it can turn to for objective technical analysis—there is no equivalent of the Congressional Budget Office (CBO) for arbitrating scientific disputes. As a result, to learn about new nuclear weapons, Democrats turned to nongovernmental organizations, such as the Federation of American Scientists (where I once worked on this issue) and the Natural Resources Defense Council, and to academic scientists, who typically support arms control initiatives. Republicans, by contrast, largely depended on anti-arms-control think tanks like the Heritage Foundation and the National Institute for Public Policy, along with scientists from the Department of Energy's laboratories, where jobs depend on nuclear weapons funding. Such interest groups, unsurprisingly, are often tainted by politics, and, even when their analyses are objective, they carry the perception of bias, making it difficult for them to mediate partisan squabbles.

With each side working from different sets of scientific facts in so many political fights—from stem cells to climate change to nuclear arms—politicians are increasingly talking past each other. Science should provide a reality check on partisan debate. But, for that, Congress needs its own agency dedicated to technical analysis.

THERE USED TO be just such an agency. Established in 1972, the Office of Technology Assessment (OTA) was charged with assessing the potential of technology both to endanger and to enhance American interests. But it was abolished during the Gingrich revolution, when the new House majority decided that cutting the size of government, a key promise in the Contract with America, meant killing one of Congress's support offices. The OTA, small and lacking a large political constituency, was an easy target. Moreover, conservative lawmakers argued at the time that Congress's other support agencies—the CBO, the General Accounting Office (GAO), and the Congressional Research Service (CRS)—together with the National Academy of Sciences (NAS), could easily fill the void.

But they can't. The CBO focuses on economic and budget decisions, only venturing peripherally into technical territory. The GAO's statutory focus is on auditing and reviewing existing federal programs; a scientific advisory agency, though, should be able to assess future options—like earth-penetrating nukes or emerging sensor technologies for homeland security. The GAO is ill-suited to do that.

Michael Levi is the Science and Technology fellow in Foreign Policy Studies at the Brookings Institution.

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CRS is a better candidate for producing scientific and technical analysis, but it is still insufficient. CRS reports are proprietary and private—to access most studies, an outsider needs to know either a CRS analyst or a congressional staffer; thus, CRS's capability for scientific analysis doesn't help build a common foundation of public knowledge upon which legislation can be judged. More important, strict, blind peer reviews—the hallmark of scientific analyses—are not part of the CRS process and would be difficult to integrate into its rapid-response culture. In fact, CRS did release a sound report before the May debate on earth-penetrating nuclear weapons, but its technical assessment was limited to one page, and that page merely summarized others' previously published conclusions.

The NAS, by contrast, generates detailed, peer-reviewed, policy-relevant studies, developed individually and endorsed by some of America's most eminent scientists, leading many to back it as the right institution to fill Congress's needs. Indeed, since the OTA closed in 1995, the NAS has picked up some of the slack, and none other than Newt Gingrich has suggested that "Congress should contract with the National Academy of Sciences for paid analysis and advice." But, again, there are severe problems. NAS studies are notoriously slow and frequently delivered too late to have any real impact on public policy. (Foreseeing the controversy over bunker-busting nukes, Congress called for a comprehensive NAS study of the subject in 2002, but its participants didn't even meet until February 2004.)

Moreover, the intuitive expectation that America's best scientists will produce the best studies is often wrong. Rather, the ability to apply science to policy options is typically a skill best practiced by the sort of experts, trained at the intersection of science and policy, who would staff a dedicated science advisory agency—and who would be, if necessary, able to turn to NAS members for advice. Compounding the problems, the NAS cannot be a dedicated congressional agency: In 2002, it received $181 million from executive-branch agencies, and any congressional contracts would total only a small fraction of that amount. To date, even the NAS studies explicitly requested by Congress have typically been funded by executive-branch agencies, and, according to one senior NAS official, occasionally those agencies have used their leverage to derail potentially damaging reports.

Even when technical issues are not ensnared in partisan bickering, Congress's lack of scientific strength can undermine its effectiveness. Take the Department of Homeland Security (DHS), and, more specifically, its Science and Technology Directorate. That Directorate spends over $1 billion each year on everything from detecting nuclear weapons to crop protection to biometrics. To govern responsibly, Congress must understand all these issues. But it has few resources to rely on. CRS has produced broad reports covering the full sweep of DHS science and technology activities, but it has never ventured into technically challenging waters. The GAO has been the most impressive, producing sophisticated studies on risk analysis, interoperable communications, information sharing, and other technical matters; yet its work addresses only existing—and not potential—programs. The CBO has yet to issue a report related to the DHS.

This lack of technical muscle showed itself February 25 when the House Subcommittee on Cybersecurity, Science, and Research & Development held a hearing on next year's budget with Charles McQueary, the DHS undersecretary for science and technology—possibly the only such hearing this year. McQueary's purview spans a host of important issues, such as bio-surveillance, detection of suicide bombers, and wireless communications, and the committee might have been expected to delve deeply into several of those. Yet the most probing questions came on cybersecurity, though it accounts for less than 2 percent of the proposed DHS research budget.

Why? In a telling aside, Texas Republican Kay Granger informed the witness that, "some of us attended the National Defense University Tuesday morning for an exercise on cybersecurity, which is probably why you're getting these questions [on cybersecurity]." If Congress had the resources to seriously investigate homeland security science and technology, the hearing would never have spent so much time on questions raised by a single, marginally related seminar—it would have focused on research generated by Congress itself. All the talk of cybersecurity was a sign of a vacuum in Congress, which lacked in-depth understanding of the other 98 percent of McQueary's purview.

Some members of Congress have responded to these problems by trying to revive the OTA. That would be a mistake given the partisan acrimony that accompanied the agency's demise. As former House Speaker Gingrich, who led the effort to abolish the OTA, has argued, "Those of us who were conservative Republicans felt that the OTA was used by liberals to cover up political ideology with a gloss of science." Representative Rush Holt, a highly respected physicist who is leading the OTA-renewal push, countered in *Wired* magazine in late 2002 that "GOP House leaders are simply afraid of unbiased scientific analysis that might conflict with their political agendas."

It's exactly this kind of bickering that a new institution could circumvent. The cost would not be great. A new office for science and technology analysis could likely be funded for about $20 million annually, roughly the OTA's level of funding before its abolition. By contrast, the Bush administration requested $101 million this year for CRS, $35 million for the CBO, and $487 million for the GAO, a total of $623 million. Just the combined *increase* in the CRS, CBO, and GAO budgets between 2004 and 2005 is $32 million, over 50 percent greater than the cost of a new agency. Moreover, by consolidating scientists now dispersed throughout Congress's various support agencies into one institution, Congress could make much more efficient use of the talent at its disposal.

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In the summer of 2002, in one of its few changes to President Bush's proposal for a new Department of Homeland Security, Congress established the undersecretary of homeland security for science and technology. Members from both parties recognized that America's future security will rely on the judicious application of new technologies—from radiation detectors to biometric scanners—and that the new federal agency would need a unit dedicated to assessing science and technology. Congress has had the good sense to consistently equip the executive branch with the scientific capabilities it needs to meet its responsibilities. It ought to do the same for itself. ■

Jaffna Dispatch

Prey

BY JAMES ROSS

VEERASINGHAM ANANDASANGAREE'S campaign headquarters is a bunker. Heavily armed soldiers and coils of concertina wire surround the one-story compound on a side street in Jaffna, the largest town on the peninsula of the same name in northern Sri Lanka. The unused metal detector and bullet-riddled, sheet-iron doors give visitors pause. But Sangaree, as Anandasangaree is known, at 71 years old and a member of Sri Lanka's parliament since 1971, remains determined. A Tamil politician of the old school, he has bulldog jowls, a dapper moustache, and a smoldering fire in the belly. The two telephones in his windowless office ring incessantly.

This is not a scene of power, however, but of powerlessness. On the wall behind him are large photos of party leaders. The ornate Tamil script is beautiful, but the dates tell the real story: All these men are dead, assassination victims. And Sangaree doesn't want to join them. "I have not left the compound to do any campaigning," Sangaree told me two days before the April 2 elections. "I have not met with a single voter." He described threats and violence against his supporters that made it impossible for them to canvass voters or hold public rallies. He held up a badly dented, large, white megaphone. "I won't have any party agents at the polling stations. It's too dangerous for them." He sighed dejectedly. "They are animals, if you ask me."

The "animals" preventing him and other politicians from campaigning in Jaffna are the Tamil Tigers, officially known as the Liberation Tigers of Tamil Eelam (LTTE). For two decades, the Tigers waged a brutal war for independence from Sri Lanka, which is majority ethnic Sinhalese—a war that resulted in numerous atrocities and cost some 65,000 lives. In February 2002, the Sri Lankan government and the Tigers signed a cease-fire that has brought a welcome respite from the fighting. Young soldiers stopped dying, land mines started being cleared, and humanitarian assistance began to reach the worst of the island nation's war-torn areas.

For two years, finalizing the peace has been the main issue in Sri Lankan politics. Former Prime Minister Ranil Wickremesinghe made the peace agreement the centerpiece of his government. And Norway, as primary peace mediator and leader of the five-nation Sri Lanka Monitoring Mission (SLMM), which oversees compliance with the cease-fire, has devoted considerable political capital toward reaching a final settlement. Unfortunately, the Sri Lankan government, and foreign donor states, have made no real effort to hold the Tigers accountable for grave human rights abuses and the absence of democracy in Tamil areas. So, for people like Sangaree, "peace" isn't all it's cracked up to be.

UNDER THE CEASE-FIRE, the Tigers retain formal control of most of the northern and eastern third of the country, which is inhabited predominantly by the largely Hindu Tamils. Excluded from these areas is much of the Jaffna peninsula, including Jaffna town. Although it's been eight years since the Sri Lankan army recaptured Jaffna from the Tigers in bitter fighting, the pockmarked remains of bombed buildings belie the town's return to normality. The restoration of government control is just as illusory: Real power lies with the Tigers. In classic Mafia style, the Tigers maintain a system of extortion, known as the "Tiger Tax," against local businesses, travelers heading south, and truckers. Since the cease-fire, the Tigers have killed more than two dozen opposition Tamil politicians and party workers, as well as other critics. And they've made sure local government officials do nothing to stop them. When asked about the highly publicized assassination of respected Jaffna politician Thambirajah Subathiran ten months earlier, a senior police official conceded no progress had been made in the case—despite leads implicating a local Tiger leader. Indeed, not a single person has been prosecuted for any of these killings. Police are well aware that after the Tigers broke a 13-month cease-fire in 1990, their forces attacked and overran dozens of police stations, and killed some 600 officers.

Buoyed by the cease-fire, the Tigers this year plunged headfirst into the electoral process to obtain seats in the national parliament. And their intimidation tactics have proved effective. The Tigers endorsed a proxy party, the Tamil National Alliance (TNA), an amalgam of Tamil parties. Sangaree himself ran successfully on the TNA party list in 2001. But, a year ago, he openly rejected the Tigers' claim that they are the "sole representatives" of Sri Lankan

James Ross, the senior legal adviser for Human Rights Watch, has followed human rights issues in Sri Lanka since 1994.

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Tamils. The Tigers forced him out of his own party, and he soon found himself the target of death threats. When elections were called in February, he bravely decided to run as an independent. The Tigers responded similarly after their eastern commander, known as Karuna, split off with some 6,000 fighters in early March. Karuna rallied some support among eastern Tamils and sought (unsuccessfully) an independent cease-fire with the government. But days later a university professor close to Karuna was ambushed and wounded. Three days before the elections, the one eastern TNA candidate who had openly pledged support for Karuna was shot and killed.

In the war-devastated Vanni, the Tiger-run region south of the Jaffna peninsula, there is considerable support for the TNA. But, because the Tigers do not permit Sangaree or other non-TNA parties to campaign there, there is little opportunity to change minds. In Jaffna, many Tamils who oppose the Tigers' brutal methods nonetheless accept that they are the only game in town. The bishop of Jaffna, the influential leader of the area's significant Catholic minority, recently told a group of visitors, "People want to send a message that the Tamils are united vis-à-vis the [Sinhalese majority] south. So the opposition [non-TNA parties] are viewed as traitors and have little support." Indeed, the only news most Tamils receive about the opposition comes from a local Tamil press that routinely runs blatantly false news stories maligning the non-TNA parties. In March, when an independent Tamil radio station began broadcasting from London, the Tigers denounced its reporters as "traitors" and its journalists received death threats.

But the reality of Tiger terror really hits home when you leave the politicians and speak with its everyday victims. A rural couple from one of Jaffna's islands, parents of four, was visibly nervous but willing to tell their story to me. At eleven the previous night, ten men had appeared at their home and demanded they step outside. The husband described how they questioned him about his volunteer work for an opposition party: "They grabbed me by the throat and pushed me into a coconut tree. I felt something stick in my ears. Maybe it was gun barrels, but I couldn't see for sure. One of the men hit me hard in the stomach with a flashlight and said that, if they saw me at the polling station acting as a party agent, the next day I'd be shot." His wife finished the account: "They said, 'We are LTTE, so be careful.' " Her fear seemed overcome by a sense of helplessness: "If something happens to my husband and me when we go home, what will happen to our children?"

Then, on polling day in the north and east, the Tigers resorted to large-scale vote manipulation. At a polling station on the Jaffna peninsula, I watched as some 40,000 enthusiastic voters scampered three miles past minefields under a blazing sun to cast their ballots. Random conversations left little doubt they were voting en masse for the TNA. So it was all the more astonishing to witness in the Tiger zone a systematic effort to rig the vote, complete with young men distributing thick stacks of unused polling cards.

THE ELECTION FIASCO in the north and east is the culmination of a failed effort at appeasing the Tigers. According to longtime Tamil human rights activist Rajan Hoole, former Prime Minister Wickremesinghe's "whole [peace] program was based on avoiding war and using foreign donor funds to firmly establish his control in the south. Never in his career did he show any regard for human rights." The Norwegian-led cease-fire-monitoring mission has been ineffectual in addressing Tiger atrocities, failing to put the necessary resources, expertise, or political will into seriously investigating the killings. After a spate of reputed Tiger killings last year, SLMM spokeswoman Agnes Bragadottir said it was beyond their mandate to investigate them: "The SLMM should not be drawn into internal politics. This is not a monitoring issue for us, this is a criminal case." And SLMM Deputy Head Hagrup Haukland told Reuters in February, "In 2003 alone we have seen the killing of 30 to 40 local leaders and Tamil politicians who are against the LTTE. But that is a case for the police. We have approached the Tigers about this, but they deny that they are behind the killings."

By downplaying Tiger atrocities, the SLMM has abrogated protecting the human rights of the Tamil population. Hoole believes the SLMM has been "mainly interested in preventing war in the short term and has constantly veered toward exonerating the Tamil Tigers for accusations of violations. The SLMM sees it as the surest way of maintaining the status quo." When Karuna broke off from the Tigers in March, the SLMM pulled out its monitors from the east, claiming they no longer had a role since Karuna's forces were not bound by the cease-fire agreement. But, as the Tigers maneuvered their forces against Karuna in clear violation of the cease-fire, the international monitors were conspicuously silent.

OVERALL, IN THE Sri Lankan election, President Chandrika Kumaratunga's opposition alliance grabbed nearly half the parliamentary seats and quickly formed a coalition government. This was bad news for the Tigers, who hoped to play kingmaker by keeping Wickremesinghe's party in power. Instead, they unleashed their full fury against Karuna: A week after the elections, the northern Tigers launched a multi-pronged assault against Karuna's forces, quickly routing them. While rumors surfaced of massacres of Karuna's surrendered soldiers, the SLMM met with the Tigers once more and announced, "We are back on track again."

Throughout the long civil war, the military and political strategy of the Tamil Tigers remained constant: eliminate anyone deemed an obstacle to complete victory. Many in Sri Lanka hoped the demands of making peace would change that. But, instead of permitting pluralistic elements to emerge during the electoral campaign, the Tigers have sent the message that the same rules still apply.

Back on the Jaffna peninsula, the TNA took eight of the nine parliamentary seats. Sangaree fared poorly in the polls. He is filing protests against Tiger vote-rigging, but there is

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little chance he'll succeed in overturning the outcome. Perhaps the waning of Sangaree's political life will add years to his biological one. But, in the unyielding and unforgiving world of the Tamil Tigers, he shouldn't let his guard down. Not for a moment. ■

The gay marriage anti-climax. Yawn

BY JEFFREY ROSEN

Opponents are steeling themselves for a flood of gay marriages nationwide, but that's unlikely to happen.

On May 17, by order of the state supreme court, the first same-sex couples in the United States will be legally married in Massachusetts. For many supporters of gay marriage, this is not only a cause for celebration; it is a manifesto for future litigation. Many people understandably see gay marriage as the great civil rights issue of this generation, and they are determined to extend it across the United States by any means necessary. Accordingly, using the legal victory in Massachusetts as a model, gay marriage supporters have already filed suits challenging the bans on same-sex marriage in California, New York, Washington, and Oregon.

Opponents of gay marriage, for their part, have ensured that ministers and county clerks across the country are enjoined from issuing marriage licenses to same-sex couples in defiance of state law. They're equally prepared to fight against gay marriage in the courts and in state legislatures across the country. So it comes as little surprise that both supporters and opponents of gay marriage are anticipating a prolonged and messy battle following the first state-sanctioned gay marriages in May.

But both sides' expectations are exaggerated. "The earth-shattering thing that's going to happen after May 17 is nothing," says Andrew Koppelman, author of *The Gay Rights Question in Contemporary American Law*. Massachusetts same-sex marriages will be available only to Massachusetts residents; and, when those couples travel outside the state, a series of well-developed judicial precedents, dating back to the anti-miscegenation era, will guide courts in their effort to carve out a moderate path, recognizing Massachusetts marriages for some purposes but not others. As long as judges follow existing precedent, predictions of a political or judicial bloodbath after May 17 are unlikely to materialize.

Opponents of gay marriage fear that, after May 17, same-sex couples will flock to Massachusetts from other states, get married, and return to their home states demanding recognition of their new marriages. These fears are unfounded, thanks to a provision of the Massachusetts marriage law that refuses to recognize marriages celebrated in Massachusetts if they take place between parties domiciled in a state that does not recognize the marriage as valid. This provision—designed to prevent out-of-staters from evading their own local marriage laws—means that a same-sex couple from New York traveling to Massachusetts for the weekend to get married should be turned away at the altar. And, despite the assurances of the New York attorney general that his state will recognize any valid Massachusetts marriages, the marriage would be invalid in New York even if the couple managed to return with a marriage certificate. Since the marriage can't be valid in Massachusetts, it can't be valid in New York.

The New York couple might try to get around this restriction by becoming Massachusetts residents. And gay marriage advocates will argue that same-sex couples shouldn't have to spend much time in Massachusetts to establish the state as their domicile. In the old days of Reno divorces, the Nevada legislature passed a law in 1931 saying you could establish Nevada residency for the purpose of a divorce by spending just six weeks in the state. The Massachusetts legislature will face pressure from the bed-and-breakfast industry to pass a similar law, making Boston marriages available to out-of-state couples with the same ease as the old Reno divorces. But, given the legislature's resistance to gay marriages in general, there's little reason to think such a law would pass. (On March 29, the legislature approved a constitutional amendment that would overturn the Massachusetts Supreme Judicial Court's *Goodridge* decision, but it can't take effect unless it is reaffirmed by the legislature next year and then ratified by the voters in a referendum.) And, even in the unlikely event that the legislature bows to the tourism industry, a well-

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settled body of law says that states don't have to recognize the marriages of their own residents who have traveled to another state to get married for the purpose of circumventing a strongly held public policy in their home state.

That means the only gay people who can celebrate valid marriages in Massachusetts for the foreseeable future will be legitimate Massachusetts residents. What will be the status of those marriages when the couples travel out of state? Here, too, the answer should calm moderates on both sides of the gay marriage debate. When a married Massachusetts couple travels to Georgia on holiday, for example, the couple won't be recognized as married under Georgia law but also won't be completely without rights. Here it's instructive to consider the experience of Southern courts dealing with interracial marriages in the years before bans on them were struck down by the Supreme Court in 1967. As Koppelman notes, Southern states were even more fervent in their opposition to miscegenation than opponents of gay marriage are today: Interracial couples were guilty of a felony; by contrast, none of the 37 states that have passed bans on gay marriage today has sought to impose criminal punishments on same-sex couples.

Nevertheless, even the most racist Southern courts developed a series of precedents for dealing with the complicated questions posed by the interstate recognition of interracial marriages. Koppelman identifies three separate categories of cases from the anti-miscegenation era. First, there were "evasive marriages," in which people left their home states in order to circumvent local restrictions on interracial marriages and then returned home. Southern courts always refused to recognize marriages in these circumstances, and, as noted above, courts in the anti-gay-marriage states would be likely to do the same. Second, there were "migratory" marriages, in which couples were validly married in a state that allowed interracial unions and then moved to a state that prohibited them. In the two reported state cases, Southern courts were evenly divided on whether to recognize these marriages: One court held that interracial marriages were so obnoxious that they couldn't be imported permanently under any circumstances, while the other held that, in light of the right to travel, it would be silly to conclude that a marriage must end merely because people move for legitimate purposes.

These are the most difficult cases, and there might be similar disagreement over the validity of gay marriages by people who change their residence today. If a Massachusetts couple tries to move permanently to Georgia, for example, it's not obvious whether Georgia courts will recognize the marriage for benefits purposes. But, although there's bound to be state-by-state disagreement about how Massachusetts couples should be treated when they permanently change their residences, this will affect a limited group of people who can make decisions about where to move based on how hospitably they are treated.

Finally, Koppelman identifies "extraterritorial" cases, in which traveling interracial couples never lived in a Southern state, but their marriage became relevant in litigation arising out of that state. In these cases, even the most enthusiastic Jim Crow courts recognized the validity of interracial marriages—allowing a surviving spouse to inherit property, for example, or recognizing the children of the marriage as legitimate offspring. Anti-gay-marriage state courts are likely to follow in their footsteps today, in the spirit of accommodating the views of states that hold different views about gay marriage. After May 17, for example, imagine that one member of a same-sex Massachusetts couple gets into a car accident on a business trip in Georgia. If he's hospitalized and his partner shows up at the hospital demanding visitation rights and the right to make medical decisions, even the most conservative state courts are likely to recognize the marriage in this limited context.

Perhaps the biggest threat of a post–May 17 train wreck over gay marriage would arise if gay marriage supporters become impatient with fighting state by state and instead ask courts to strike down state laws banning gay marriage as a violation of the federal Constitution. If a court accepted the invitation, it would have the effect of nationalizing the gay marriage debate—raising the possibility that all state bans on gay marriage are unconstitutional and making it harder for the U.S. Supreme Court to avoid resolving the issue for the entire nation. It's hard to say whether state or federal courts will be rash enough to take this step. But, ultimately, any attempt to fight the gay marriage battle this way is unlikely to amount to much. If a disagreement among lower courts forces the Supreme Court to intervene, it's hard to imagine that the current justices would uphold the decision. In *Lawrence* v. *Texas* last spring, after all, a majority of the Court strongly suggested that it wasn't ready to strike down bans on gay marriage across the country as a violation of the U.S. Constitution.

RATHER THAN RUSHING to court, in other words, gay marriage supporters in California and elsewhere should make their case in the political arena. And California itself provides a model for legislative victories at the local level. A few weeks before his recall by the voters last year, Governor Gray Davis, without any judicial nudging, decided to consolidate his support among gay voters by persuading the California legislature to enact a domestic partnership law that gave gay and lesbian couples all the benefits of civil unions. The experience in Europe suggests that, when victories for gay equality come from legislatures rather than courts, they can eventually grow into something more: The legislature in the Netherlands initially recognized civil unions and, several years later, granted gays and lesbians the full benefits of marriage. Unless they are forced by courts to recognize gay marriage before the public is ready, state legislatures may move through the same progression, recognizing first civil unions and eventually gay marriage. For the moment, the best thing for judges to do is the thing they're most likely to do, which is very little. ■

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Quack gay marriage science. Perverted

BY NATHANIEL FRANK

ON ONE LEVEL, there was nothing especially surprising about the radio ad campaign launched in March by the group Your Catholic Voice to denounce gay marriage. Following a three-month period in which the Massachusetts Supreme Judicial Court deemed the state's ban on gay marriage unconstitutional, and local officials from California to New York began handing out marriage licenses to gay couples, it would have been far more surprising had social conservatives *not* taken to the airwaves and news pages to express their opposition. But there was at least one surprising feature of the Your Catholic Voice campaign: The lay Catholic organization claimed its opposition was rooted in evidence from Scandinavia, where, according to the ad, "marriage has almost totally disappeared."

After years of being derided as bigoted or crackpot, it appears the right has discovered a new weapon in its fight against gay marriage: seemingly legitimate social science. Over the last several months, anti-gay-marriage activists have increasingly invoked work by a handful of scholars claiming that gay marriage is bad for children and that it undermines the institution of marriage altogether. In January, the conservative Christian group Focus on the Family placed a newspaper ad featuring a prominent scholar's claim that "we should disavow the notion that 'mommies can make good daddies' " and asserting that its opposition to gay marriage was rooted in "conclusive social science data." The website of Concerned Women for America currently cites the "vast body of social science research" that militates against allowing same-sex couples to marry and raise children. In February, Pennsylvania Senator Rick Santorum, a fierce opponent of gay rights, cited the Scandinavian example to argue that same-sex unions undermine traditional marriage.

In a debate that has been dominated in recent years by either dogma or raw emotion, this newfound interest in analytical rigor should be refreshing. And it would be, except for one small hitch: The social scientific evidence that scholars are feeding conservatives has literally nothing to do with same-sex marriage.

PERHAPS THE MOST prominent scholarly argument against same-sex marriage comes courtesy of Stanley Kurtz, a research fellow at the Hoover Institution. Since February, Kurtz has taken to the pages of *The Weekly Standard*, *National Review Online*, *San Francisco Chronicle*, and *The Boston Globe* to argue that evidence from Scandinavia shows that recognizing same-sex unions has nearly destroyed the institution of marriage there. The "evidence is in," Kurtz concludes. "Marriage is dying in Scandinavia," where "de facto same-sex marriage" has existed for over a decade.

Kurtz offers statistics showing that rising proportions of children in Sweden, Norway, and Denmark are now born out of wedlock. Although he concedes that many factors have contributed to this development, he insists that the creation of "same-sex registered partnerships" has "locked in and reinforced the separation between the ideas of marriage and parenthood, thereby accelerating marital decline" by weakening the cultural imperative to wed before giving birth. Kurtz's argument is not that gay marriages would prompt existing straight couples to end their marriages, just that the symbolic damage done to the institution by letting gays join it would deter younger couples from bothering to wed: "By getting Americans used to a strong separation between marriage and parenthood, gay marriage would draw out these trends and put us firmly on the path to the Scandinavian system."

Alas, Kurtz's conclusions are suspect on their face—for the simple reason that Scandinavia *does not have gay marriage*, merely a marriage alternative available only to gays. (Kurtz clearly knows this, because at times he correctly calls them "registered partnerships." But, then, inexplicably and inaccurately, he slips into calling them gay marriages.) That complication aside, he offers zero evidence suggesting that gay partnerships have driven down marriage rates among heterosexuals in Scandinavia. At best, Kurtz struggles to show a correlation, much less a causative effect, between gay partnerships and the "disappearance" of marriage. Cohabitation and out-of-wedlock births, we are told, "closely track the movement for [what Kurtz calls] gay marriage." In one liberal county in Norway where "gay marriage has achieved a high degree of acceptance" (never mind that it remains illegal), marriage rates are in decline.

But to suggest these correlations prove that recognizing gay unions has hurt marriage is simply shoddy social science. If gays are to blame for Scandinavia's marital decline, how do we explain another trend closer to home: In the United States, the number of unmarried, co-habiting couples increased tenfold from 1960 to 2000. And all of this with no gay marriage, no registered partnerships, not even civil unions, which only came into existence in a handful of states after the 40 years of data in question. If anything, the emergence in the West of both registered partnerships for gays and the possibility of gay marriage itself are more likely a result, not a cause, of liberalizing attitudes toward marriage, themselves a product of evolving views toward women, divorce, and contraception, along with a host of social issues (including a vibrant social safety net) that have made being single a more attractive option. But, however you feel about that proposition, Kurtz's claim that he can

Nathaniel Frank teaches history at New York University and New School University.

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now "answer the key empirical question underlying the gay marriage debate" is utter nonsense.

Worse, Kurtz's conflation of gay partnerships and gay marriages is hardly a trivial mistake. Kurtz begins from the premise that co-habitation undermines marriage by offering an alternative arrangement for child-rearing, thus removing the social stigma of out-of-wedlock birth and severing the link between marriage and parenthood. He then argues that "gay marriage" further erodes the link between marriage and parenthood, making a bad situation even worse: "Scandinavian gay marriage," we are told, has sent the message that "virtually any family form, including out-of-wedlock parenthood, is acceptable."

But, once again, there is no gay marriage in Scandinavia, only registered partnerships. And these arrangements by definition sever the link between marriage and parenthood, not because gays don't have children—they do—but because they are denied the right to marry and are thus consigned to co-habitation. If they have kids, this means they're sentenced to unmarried parenthood. By contrast, if gays could marry, many of the children living with out-of-wedlock gay parents would instead be living in married households, and the link between marriage and parenthood would be restored. The only thing Kurtz's data really show is that formalizing a new arrangement of co-habitation is correlated with increased co-habitation rates.

KURTZ IS NOT the only scholar who relies on dubious social science to make the case against gay marriage. Others point to the potential harm inflicted upon children, arguing that a household involving a married mother and father is the optimal child-rearing environment and that gays should not be allowed to wed since they can't provide it. This is the line favored, for example, by Douglas Kmiec, a professor of constitutional law at Pepperdine University, who in a *Los Angeles Times* op-ed last month cited research suggesting that children who grow up in gay households "are more likely to be confused sexually" and to "face a heightened chance of being the victim of sexual abuse." Maggie Gallagher, president of the Institute for Marriage and Public Policy, sounded still louder alarms in a December 2003 *Weekly Standard* article, pointing to "a consensus across ideological lines, based on 20 years' worth of social science research" that children do better with a married mother and father. And though David Blankenhorn, the founder and president of the Institute for American Values, has stopped short of opposing same-sex marriage, he nevertheless insisted, according to a February *Washington Post* article, that "children deserve, as a sort of birthright, mothers and fathers— preferably the mothers and fathers who brought them into this world."

But there's a huge flaw in the claims of all three scholars: They rely on divorce and father-absence studies, which compare two-parent with single-parent homes, not heterosexual parents with homosexual parents. The whole basis of Gallagher's 20-year "consensus across ideological lines" is that two parents are better than one, not that both parents must be different genders. Kmiec concedes the dubiousness of this leap when he writes that "scientific attempts to study homosexual parenting are incomplete and conflicting." Nevertheless, he concludes, "It would seem logical to expect that children with same-sex couples would face a similarly increased chance of behavioral difficulty or lesser achievement in school."

No, it wouldn't. One of the most commonly cited studies actually assessing the effect on children was published in 2001 by University of Southern California Professors Judith Stacey and Timothy Biblarz, who favor same-sex marriage but nonetheless set out to critique studies suggesting there were no differences between children raised in gay and straight families. Their research concluded that children of gay couples did exhibit moderate differences from children of heterosexual parents in that they appeared "less traditionally gender-typed and more likely to be open to homoerotic relationships."

In the hands of conservative scholars like Kmiec, who begin with the assumption that homosexuality is pathological, this turns into children being "confused sexually." But Stacey and Biblarz's conclusions decisively rebut the idea that growing up with gay parents is harmful: Such children "display no differences from heterosexual counterparts in psychological well-being or cognitive functioning," they write. In addition, Stacey and Biblarz find that gay parenting "has no measurable effect on the quality of parent-child relationships or on children's mental health or social adjustment." This, as it happens, was also the determination of the American Psychological Association (APA) after an extensive 1995 review of the literature on gay families. Children raised by gay parents, the APA concluded, are not "disadvantaged in any significant respect relative to the children of heterosexual parents." The American Academy of Child and Adolescent Psychiatry echoed this finding in its 1999 statement opposing discrimination against gay parents. Ditto the American Academy of Pediatrics in a 2002 policy statement, saying children of gay parents have "the same advantages and the same expectations for health, adjustment, and development" as those of heterosexual parents. Indeed, not a single reputable study shows any harm whatsoever to children living in same-sex-headed households.

BUT THE RESEARCH that is least disputed in the budding marriage movement is that married people are happier, healthier, wealthier, and in a better position to raise kids. They are less likely to commit suicide, to have fatal accidents, or to suffer from alcoholism and depression, and they earn more money and report better sex lives than singles. And, not only are married people happier individuals, they are more productive citizens. All the data, in other words, point toward extending the benefits of marriage to as many people as can fulfill its social function. If the United States leads, perhaps Scandinavia will one day follow. ■

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BOOKS & THE ARTS

STANLEY KAUFFMANN ON FILMS

New Places Within

THE FRENCH DIRECTOR Patrice Chéreau is having a double career that, at least in shape and intent, is comparable to Ingmar Bergman's. Chéreau, born in 1944, directs in the theater, both plays and operas, and in film. (He also directs in television and acts from time to time.) The only theater production of his that I have seen was one that was televised, *The Ring of the Nibelungen*, done for the Bayreuth Festival in 1980 and apparently inspired by the views in Bernard Shaw's *The Perfect Wagnerite*. Still, it seems fair to conclude that, because his theater dossier includes so many classics—*Phèdre*, *Peer Gynt*, and *Hamlet* among them—the theater and film arts function symbiotically for him, as they did for Bergman: in a kind of balance. Allowing for exceptions on both sides of the ledger, we can see that Chéreau uses film to do what he cannot do in the theater—work in close, with a physical intimacy that the stage doesn't comparably permit. In fact, his last film was called *Intimacy*, and the camera was virtually in bed with a man and a woman to capture the heat of sex.

SON FRÈRE
(Strand)

I'M NOT SCARED
(Miramax)

But the three films of Chéreau's that I have seen were a long way from Bergman quality. Thus it is pleasant to report that **SON FRÈRE** is a real achievement, delicate, perceptive, somewhat muted but nonetheless strong. The screenplay, adapted by Chéreau and Anne-Louise Trividic from a novel by Philippe Besson, deals with two brothers, both around thirty, whose lives have diverged, especially because the younger one, Luc, is gay. Events push them together. Thomas, the elder, has been afflicted with a dangerous blood disorder; and although he has a devoted girlfriend, the intensity of his trouble, and of his fright, makes him seek Luc's help, with Luc's very estrangement as well as his concern to keep him company.

The film moves in and out of a hospital (where Thomas's doctor is a woman reminiscent of the psychiatrist in *Persona*), the brothers' apartments, and the coast of Brittany near the old family home, where the landscape prompts memories of boyhood fun and quarrels. But the real setting of the film is Thomas's illness. It becomes the ambience in which the two men find out more about each other and, of course, about themselves. Glimmering outside that dark ambience is a suggestion that the illness is a clarifier. It is not a blessing in disguise, not a metaphor: it is part of the traversal of life that affects the ill person and those who care. It affects the way they care.

Chéreau takes his time. Within the expected temporal frame of a film, the flow of minutes to which we are accustomed, he lingers, he observes, he absorbs, he rests for moods. The most obvious instance of this is the hospital scene where Thomas is being prepared for surgery by two nurses. He lies nude on his bed, and gently, amiably, they shave his entire torso. Chéreau's purpose is not fright or indignity but to dramatize the idea that here, inside this shaveable torso, this mere object, is the complexity that transforms this person into a nexus of sensibilities, radiated and received. Chéreau's patience with this scene transforms a commonplace action into a small epiphany.

As the brothers, Bruno Todeschini (Thomas) and Eric Caravaca (Luc) evoke perfectly the sense not that they have begun and are fulfilling a film, but that we have joined these brothers at this stage of their long relationship. Their deepening knowledge of their separate but joined privacies is the quintessence of the film and is quite lovely. In the lesser role of Thomas's girlfriend, Nathalie Boutefeu touches some truth about devotion and its changes. The parents of the brothers visit the hospital from time to time, but they seem to have little connection with their sons in any way or with that home in Brittany.

In any case, *Son Frère* helps to confirm the resemblance between Chéreau's career and Bergman's.

An Italian film called **I'M NOT SCARED** is a warm allegory in search of a meaning. The setting is southern Italy—1978, for no perceptible reason—and principally we move through immense golden wheat fields in Mezzogiorno sun. In this setting, which is almost a reproof of the dim places where most of us spend our lives, strangenesses evolve.

The screenplay by Francesca Marciano and Niccolò Ammaniti, adapted from the latter's novel, centers on Michele, a boy of ten living in an isolated house with his parents and little sister. The parents seem to be what we expect, a hardworking mother who is stern but loving, a genial father who is more affectionate than his wife because, perhaps, he works less and, when he returns from absences, cuddles the children more. One day Michele is playing with some friends around an abandoned house. The others leave, and he investigates a straw-covered plank in the ground. It is the cover of what is probably a former cellar. Within that small cavern, Michele discovers, after an initial fright, a boy chained to a stake. Consequences inevitably tumble on. Other men come to Michele's house to confer with his father, and the son discovers that they are all a gang who have kidnapped Filippo, the child in the cellar, from a rich Milanese family and are trying to extort a ransom for him.

Matters move on more or less the way we hope they will, and Michele, who has been responsible in some part for the conclusion of things, is seen at the last in a blatantly symbolic shot. But what is it symbolic of? What are we to make of all that has happened? That the cruelty of children, seen in Michele's early games, presages criminality? That a loving father

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can be a gangster, and a hardworking mother can be his accomplice? Are we asked to discover that black deeds can happen in a tranquil countryside? Or that this contrast is a symbol of the human spirit? Or that a boy's compassion, innate despite his parents, causes a wrong to be addressed? Unfortunately we can choose any one of the above, or none.

Still, the film is remarkable for something besides its visual immersion in gold. The director, Gabriele Salvatores, has added his name to the roster of film-makers who have drawn remarkable acting from children. Giuseppe Cristiano (Michele) and Mattia Di Pierro (Filippo) are both newcomers but give "uncoached," genuine performances—as do all the other children involved. In fact, I was less impressed by Dino Abbrescia as the father. ■

ROBERT BRUSTEIN ON THEATER

Reality Theater

SINCE THE 1960S, WHEN Michael McClure imagined Billy the Kid humping Jean Harlow in *The Beard* and Barbara Garson had Lyndon Johnson whacking Jack Kennedy in *MacBird*, it has grown obvious that actual people, often still among us, have become the grist of American playwriting. In one recent week alone, a musical opened by Michael John LaChiusa called *First Lady Suite*, featuring Eleanor Roosevelt, Jackie Kennedy, and Mamie Eisenhower, along with a semi-fictional comedy by A.R. Gurney called *Mrs. Farnsworth*, about a Vassar woman who may or may not have been impregnated by George W. Bush (who may or may not have paid for the abortion). To be sure, the fictions of the theater have traditionally been confounded with facts, and its characters often resemble living people: Shakespeare's Titania was probably a tribute to Queen Elizabeth, and his Jacques may have been a satirical swipe at "morose" Ben Jonson.

WELL
(Public Theater)

HANNAH AND MARTIN
(Manhattan Ensemble Theater)

WHO KILLED WOODY ALLEN?
(Triad Theatre)

In the past, these portraits were usually disguised. But in recent years the representation of famous people on the stage has become open and pandemic, as if the theater were laboring to establish its own "reality TV." (In the interest of full disclosure, I am the author of a play about the Lee Strasberg family and Marilyn Monroe.) What is going on here? One theory is that our politicians and celebrities are to Americans what the Olympian gods were to the Greeks—subjects not just for juicy gossip but for dramatic myth-making. (Zeus's escapades with mortal women are paralleled by Ben Affleck's dalliances in *Matt and Ben*, another reality play.) But I think a lot of this fact/fiction playwriting grows out of a metatheatrical tradition that is initially indebted to Pirandello. Particularly in his celebrated theater trilogy, Pirandello was the first to shatter the thin glass between illusion and reality, which is to say between stage characters and real characters, not to mention between actors and audiences. *Six Characters in Search of an Author* pits half-written characters against the actors whom they want to play their parts. *Each in His Own Way* dramatizes a scandal based on people actually sitting in the audience who indignantly rise from their seats to stop the action. And *Tonight We Improvise* shows actors ad-libbing a story under the supervision of a self-regarding director, who meddles so much in their process that they throw him out of the theater.

In WELL, Lisa Kron proves herself a direct lineal descendant of Pirandello. Abandoning her customary one-woman-monologue technique, Kron appears in a black pantsuit on the stage of the Public Theater with five other actors and a bunch of notes, "improvising" scenes from her life as a child and young woman in Lansing, Michigan. Kron's monologues have always been deeply autobiographical. In *2.5 Minute Ride*, she juxtaposed an automobile trip she took as a child in the

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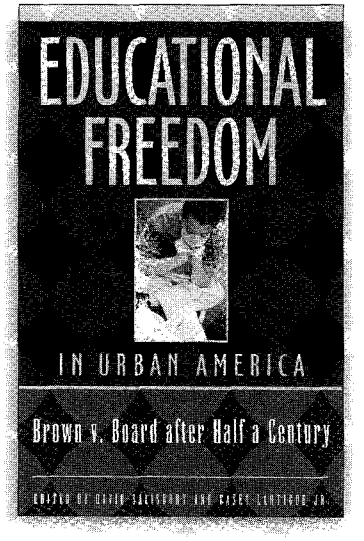

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United States with an adult journey to Europe to explore her father's death-camp experiences. Here she focuses mostly on herself and her mother, "a fantastically energetic woman trapped in a totally exhausted body," who believes in two things, allergies and racial integration.

Kron's declared purpose is to examine issues of "health and illness as an individual and in a community." A series of episodes dramatize her experience of being tested in an experimental allergy unit, her guilt about living in a largely white neighborhood, her torment at the hands of a particularly obnoxious black girl, her mother's heroic efforts to integrate the community. Though the personal and social parallels can get somewhat forced, and Kron's voyage of self-discovery sometimes enters a sea of self-regard, the work has some highly amusing moments, particularly the interchanges between Lisa and the actress playing her mother (Jayne Houdshell in a recliner), who is surprised to find herself on a stage being watched by an audience. "You're not writing a play about me, are you?" she asks, protesting that her complicated life story is being reduced to a two-minute montage.

The others in the ensemble, doubling in a number of roles, grow equally restive about their participation in Lisa's "avant-garde metatheatrical thing." Eventually, in a climax lifted virtually intact from *Tonight We Improvise*, they walk out on the play and the playwright. Torn between ingratiating herself with the audience and rebuking or appeasing her actors, Kron ends up looking a bit too embarrassed, a touch too placatory, a little too apologetic to sustain the edge that would prevent the scene from dissolving into contrivance. The conclusion, in which mother and daughter reconcile their varying states of wellness and illness, is inflated with swelling codas about "what integration means" and how "this organization is about people" that seem to have been imported wholesale from the 1960s. All in all, *Well* seems at the same time imaginative and repetitive. It is a technical advance for Lisa Kron that could have profited from a tough-minded dramaturg and a ruthless editor.

Kate Fodor's **HANNAH AND MARTIN** is an entirely different attempt to fit stage clothes on real people. Written in the form of a docudrama (Fodor is a journalist), the play examines the relationship between Hannah Arendt, the Jewish intellectual who later became our greatest authority on totalitarianism, and Martin Heidegger, the German philosopher who provided some of the rationale for one of its most virulent forms.

Literary couples, from Robert and Elizabeth Browning to Sylvia Plath and Ted Hughes, have always been meaty material for playwrights. (I suspect we'll eventually see a play about the marriage of Li and Di Trilling.) When this biodrama begins, Hannah is studying with Martin at Marburg, where they quickly recognize their intellectual affinities. Both feel exalted by Augustine and Wagner, but before long their mutual interests evolve beyond cultural and scholarly passions. The married Martin makes a pass at his young student, who allows him to put his hand on her inner thigh without screaming sexual harassment.

As intellectuals, the lovers are not entirely compatible. Martin, working on *Being and Time*, disapproves of communism and Bertolt Brecht, while Hannah champions free expression and democracy. With the coming of the Nazis, the argument is moot, and before long Martin, whose wife resembles Ilse Koch, is making public remarks that can easily be construed as anti-Semitic. Having fled Germany and settled in America, Hannah questions his attitude toward Jews. He replies that their love affair is proof that he is not prejudiced. Attending the Nuremberg trial to write a *New Yorker* piece on Baldur von Schirach, Hannah finds herself arguing for the academic reinstatement of her former Nazi lover, who has been denied emeritus status at the University of Freiburg. Hannah's decision is hotly protested by her friend Karl Jaspers, whom Martin failed to protect from the SS, and by her idealistic assistant, who refuses to type her letter.

All this is created in orderly narrative fashion, with flashbacks and flash-forwards competently supervised by the director, Ron Russell. But while Martin's reasons for supporting the Nazis are obvious enough, if oversimplified (Hitler opposed the Communists and admired Wagner), Hannah's motives for continuing to defend her former lover remain unclear. Is she convinced by his argument that Hitler betrayed Martin's hopes for re-creating the Greek city-state? Does she believe he has suffered enough, having been repudiated by both the Nazis and the new German government? Is she being heated by the embers of her old passion?

Whatever the case, this is not the only

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instance in which Hannah Arendt took a contrarian position. She was the object of relentless criticism after questioning, in *Eichmann in Jerusalem*, the lack of Jewish resistance to the Holocaust. But whatever one thinks of her views, the suppleness and the subtlety of her mind are unquestionable; and it is those qualities that are not always evident in this play, perhaps because the playwright, preferring to use her own words, has borrowed little from the letters, books, or lectures of her subjects. While David Strathairn's silver-haired Martin is elegant and nuanced, and George Morfogen's Jaspers has a hunched, compassionate intensity, Melissa Friedman's always insistent Hannah never quite captures the quicksilver intellect, much less the nicotine-stained German baritone, of this extraordinary woman. Nor does this well-researched play. For that, we would need a dramatic poet rather than a methodical biographer.

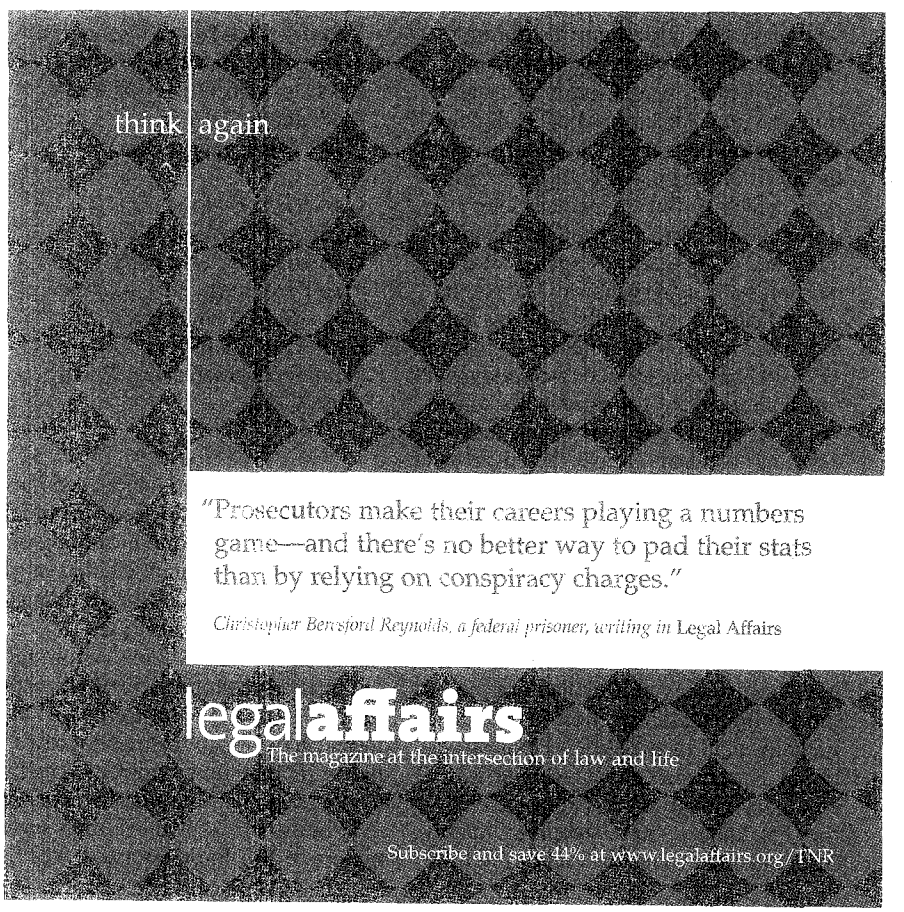
With **WHO KILLED WOODY ALLEN?** at the Triad Theatre, we are back in the world of contemporary reality theater. This farcical whodunit was reputedly written after Woody Allen unexpectedly yanked the rights to one of his plays away from the Empty Stage Theatre Company. The producers—Dan Callahan, Brendan Connor, and Tom Dunn—revenged themselves by writing their own play (Dunn compounded his revenge by directing it as well). What they have achieved is the theatrical equivalent of a celebrity roast. The play brought a threatening letter from Allen's lawyer—apparently the sensitive humorist doesn't have a sense of humor about being satirized himself.

Aside from a few soft shots at Woody's relationships with Soon-Yi Previn and Mia Farrow, however, *Who Killed Woody Allen?* is a relentlessly good-natured evening. Its premise is that, Allen having kicked off, a "star-studded group of Woody's closest celebrity friends" have gathered to eulogize him and to plug their movies. Among these—many of them rendered with dead-on accuracy by very shrewd impersonators—are "the always creepy" Christopher Walken (Peter Loureiro) slithering in a double-breasted suit and T-shirt; Diane Keaton blushing and stammering in her patented tie, vest, and fedora (Jillann Dugan); a logorrheic Billy Crystal (Christopher Wisner) improvising relevant riffs on "That's Entertainment" and "Comedy Tonight"; plus a surly Alan Alda (Ed Moran), a self-infatuated John Cusack (Carter Roy), a goofy Ed Burns (John Mattey), a fiery Spike Lee (Kola Ogundiran), a horny Leonardo DiCaprio (Michael Somerville), and a corpulent Dianne Wiest (John Francis Mooney). Even the lay characters resemble movie stars, like the detective (John Shaver) who bears an uncanny resemblance to Harrison Ford. He arrives to announce that Woody has actually been murdered and that all of the mourners are under suspicion. (Farrow, an obvious suspect, has already been cleared, since she was in Los Angeles at the time of the killing "auditioning children to adopt.")

What follows is a manic blend of Agatha Christie's *The Murder of Roger Ackroyd* and Gerard Alessandrini's *Forbidden Broadway*, as the detective proceeds to expose the motives of all of the potential murderers. Keaton was jealous of Allen's relationship with Farrow, Burns resented his superior film technique, Lee believed he was a typical white Hollywood racist, and so forth. In a blackout, one of the suspects (Wiest) is murdered herself. The male actor who played her—he looks a lot like Gary Sinese—returns as a wonderfully wired and drunken Conan O'Brien.

Inevitably, in high Pirandello style, the stars in the funeral home come to realize there are people out there in a theater. ("Damn," says Lee, "that is the whitest audience I have ever seen.") Leonardo DiCaprio abdicates Celebrityville by wandering into the house and sitting at a table with a patron. And in what is undoubtedly the most tasteless wheelchair joke of the year (and possibly the funniest), the cast is joined by mystery guest Christopher Reeve, wheeled on stage to the accompaniment of the theme from *Superman*. To his chagrin, Reeve is given a series of obligatory standing ovations.

Eventually the murderer is exposed. I won't reveal his identity except to say that he killed Woody Allen in the hope that his eulogy would revive his fading career. This provides a suitable climax to a show that considers all human behavior an extension of show business and every human action an opportunity for publicity. Some critics will probably find this sophomoric. I found it a highly entertaining antidote to our fame-crazed, star-dazed reality culture. ■



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Robert J. Samuelson

What the Boom Forgot

A few significant lessons that the 1990s didn't teach us.

I.

WHEN ROBERT E. Rubin resigned as secretary of the treasury in May 1999, after holding the job for almost four and a half years, President Clinton suggested that he had been "the most effective treasury secretary since Alexander Hamilton." This was one of those characteristic Clinton statements, somewhere between a charming exaggeration and a calculated fib. It's doubtful that Clinton even knew the names of most of the treasury secretaries between Hamilton and Rubin, much less compared their achievements: they included Albert Gallatin, who financed the War of 1812; Salmon P. Chase, who completely overhauled the banking system, created a new paper currency, and financed the Civil War; and Henry Morgenthau Jr., who played an important role during the Great Depression and World War II.

Still, in many ways Clinton's exaggeration was apt, because when Rubin left Washington the nation's economy was in the midst of the longest boom in its history, of which Rubin was widely seen as a prime architect. In the view of his many admirers, he helped to engineer the expansion by bringing runaway federal budget deficits under control and by helping to defuse the Asian financial crisis of 1997–1999. Rubin seemed to embody that rare combination of competencies: a clear vision of what needed to be done and the personal talent and temperament to put the vision into practice. If not exactly an economic savior, he was a clearsighted custodian whose calm and common sense were stabilizing forces.

In hindsight, though, Rubin's accomplishments seem less grand. The economic expansion of the early 1990s would have occurred even if he had not joined the Clinton administration in 1993, initially as head of the White House's National Economic Council. Similarly, the emergence of a budget surplus in 1998—the first since 1969—stemmed mainly from outside events: the end of the Cold War, which prompted a large (and probably excessive) reduction in defense spending; and the economic boom, which caused a huge and unanticipated surge in tax revenue. Good luck, more than good policy, produced the surpluses.

As important, Rubin's book shows that he is no economic seer: if we're looking for a guide to the future, he isn't it. He doesn't have much to say about two big questions that now confront American economic policy. The first involves society's aging. By 2030, more than seventy million of the baby-boomers will have passed normal retirement age. Unless the programs are modified, government spending on Social Security, Medicare, and Medicaid will explode. What, if anything, should be done about that? The second issue is globalization: namely, the fact that the American economy is increasingly interconnected with—and influenced by—forces beyond its borders. How, if at all, can the United States protect its economic sovereignty?

The man who emerges from these pages is intelligent, shrewd, sober, confident, and decent—a responder, not a prime mover. He didn't foresee the Asian financial crisis (almost no one did), but once it emerged he grappled successfully with its implications. In many large and small matters, he was a wise adviser. He suggested that the president avoid inflammatory "class warfare rhetoric." He counseled Clinton against criticizing Alan Greenspan in public or claiming credit for the stock market's extraordinary boom. But Rubin didn't have then—and, based on this book, doesn't have now—many original economic ideas beyond the bland standbys of curbing budget deficits at home and promoting free trade and free markets abroad.

WE SHOULD NOT BE SURprised. In his twenty-six-year career at Goldman Sachs, Rubin was essentially a trader: a man focused on specific transactions, not on sweeping concepts. Rubin made his mark at the firm in a specialty called risk arbitrage, which involves betting on whether announced mergers will actually be completed. This sort of speculation requires steely nerves and strong powers of analysis. The profits can be quick and large, but if you guess wrong, the losses can be much

IN AN UNCERTAIN WORLD: TOUGH CHOICES FROM WALL STREET TO WASHINGTON
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Robert J. Samuelson writes a column for NEWSWEEK *and The Washington Post Writers Group. He is the author most recently of* UNTRUTH: WHY THE CONVENTIONAL WISDOM IS (ALMOST ALWAYS) WRONG *(Random House).*

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larger. "Flux and uncertainty made risk-arbitrage quite nerve-racking for some people. But somehow or other, I was able to take it in reasonable stride," writes Rubin. "Intermittent losses—sometimes greatly in excess of your worst-case expectations—were a part of the business. I accepted that, though some in our business did seem highly stressed much of the time."

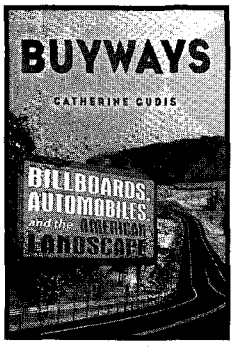
Rubin handled the anxiety of risk-arbitrage in part by becoming almost religiously wedded to what he calls "probabilistic" thinking. "What has guided my career in both business and government," he remarks, "is my fundamental view that nothing is provably certain. One corollary of this view is probabilistic decision making." Translation: based on the best information, weigh the odds of things going your way, then decide whether the odds justify the risk that they might not. For Rubin, even decisions that turned out badly may not have been wrong, as long as the odds warranted the risk.

Rubin built his career by making more good judgments than bad. He rose at Goldman not only because he excelled at risk-arbitrage but also because he performed well during crises. In 1970, the bankruptcy of the Penn Central Railroad plunged the firm into a period of "immense anxiety," as he puts it. Goldman had sold investors large amounts of Penn Central securities; the railroad had defaulted, and the infuriated creditors sued Goldman Sachs for providing misleading information. Rubin then began serving as an informal adviser to the firm's head, the legendary Gus Levy, and suggested the firm shift attorneys. Later Rubin helped turn around a faltering Goldman subsidiary that specialized in commodity trading. He ended up serving as Goldman's co-chairman, along with Stephen Friedman (who is now an economic adviser at the White House), for about two years before his departure in 1993.

Little wonder that Rubin isn't a big ideas man, a creature of grand strategy. Indeed, his obsession with "probabilistic" thinking involves a prejudice against big concepts. If nothing is certain, then sweeping theories about the way the world works, or ought to work, are to be distrusted. The economic legacy of Rubin and Clinton is usually thought to lie in what they accomplished: balancing the budget, coping with the Asian crisis. These achievements, to which Rubin devotes most of his narrative, are supposed to provide guidance for the future: just do what they did, and the economy will behave well enough.

Unfortunately, it's not that simple. We have just completed a four-decade economic era dominated by the rise and fall of inflation. On the way up from negligible levels in 1960 to double digits by 1980, inflation abetted many bad surprises: deeper recessions, higher unemployment and interest rates, a stagnant stock market, slower economic growth. On the way back down from double digits in the early 1980s to today's negligible levels, inflation fostered many good surprises: lower unemployment and interest rates, longer economic expansions, a rising stock market, faster economic growth. But now we are in a new epoch, in which inflation and its side effects no longer dominate. Instead, the increasing size of government and growing globalization loom as immense forces for good or ill. The next economics needs to clarify how these forces operate, and how they can be channeled for good. The Clinton-Rubin years barely illuminate the changes and the choices.

Consuming Summer Reads



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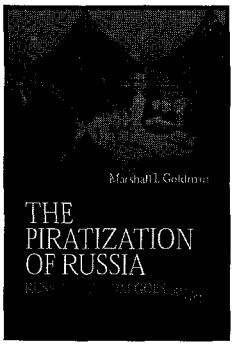

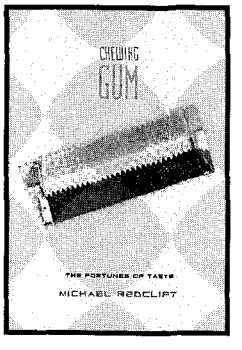

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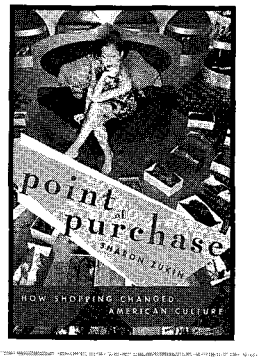

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II.

CLINTON ROUTINELY DESCRIBED his economic strategy as having three parts: deficit reduction, free trade, and "investment in people." But to the public the essence of "Clintonomics"—or "Rubinomics"—was the budget. The basic idea was simple. Declining deficits (and ultimately a surplus) would reduce interest rates, which would increase economic growth and, through expanded private investment, result in a more productive economy with higher living standards. Since persistent deficits seem irresponsible—"living beyond our means" and shifting the costs of today's government benefits to future generations—a policy that reduces deficits appears both morally and economically virtuous. The fact that Clinton's initial program of deficit reduction in 1993 barely passed Congress, with not one Republican vote in either the House or the Senate, only increased the administration's identification with the approach. The economy's subsequent strong growth seemed to vindicate the underlying logic.

Actually, it didn't. Over the years, budget deficits have assumed a symbolic importance out of all proportion to their true economic significance. By themselves, budget deficits—and surpluses, too—do not matter nearly as much as the public and many economists believe. The economic expansion of the early 1990s was connected only loosely, if at all, to Clinton's 1993 budget plan. After all, the deficit reduction between 1992—the last year of George H.W. Bush's term—and 1995 was about 2.5 percent of national income, or gross domestic product (GDP). It may seem strange that such a small change could determine what happened to the other 97.5 percent—and so it is. Even in 1992, the economy was recovering from the mild 1990–1991 recession; and the recovery remained mild through late 1996, when other forces—the persistence of low inflation, the gathering enthusiasm for the Internet—ignited a boom. GDP grew 3.3 percent in 1992, 2.7 percent in 1993, 4 percent in 1994, and 2.5 percent in 1995. By contrast, it averaged 4.1 percent from 1996 to 2000.

Deficit mythology reflects our political and media culture. Politicians and the press need sharp distinctions to sustain their debates. Partisan controversy must remain uncluttered by detail or ambiguity; good and evil must be obvious. In this world, budget deficits have become the scarlet letter of bad behavior: anyone who runs them is branded with the big D. For economists, the emphasis on deficits can also be self-serving. To be influential, they need identifiable levers of government action (budget, tax, and monetary policies) that decisively affect the economy. The less powerful the levers are, the less powerful are economists. It is only natural that economists—at least those interested in public policy—deemphasize the importance of anything that they cannot easily influence (technology, management, culture). The resulting deficit mythology serves everyone's political interests. But it is profoundly misleading, and it needs to be punctured.

LET US CONSIDER A FEW OF THE widespread myths.

• *Myth*: President Reagan created modern budget deficits. *Reality*: Modern deficits originated in the 1960s with the Kennedy and Johnson administrations, owing to the advice of Keynesian economists who argued that a slavish devotion to balanced budgets needlessly slowed economic growth.

Until Kennedy, there had been an unwritten political taboo on running a deficit, except in the cases of wars and depressions. Truman produced five budget surpluses, Eisenhower three (and some deficits were tiny). But in 1962 Kennedy gave a famous speech at Yale denouncing outworn economic "mythology," based primarily on an obsession with balanced budgets. He later proposed tax cuts that, when passed, enlarged deficits. Once the taboo was broken, it has proved almost impossible to restore, because politicians of both parties prefer to spend more or to tax less—or both. From 1960 to 1998, there was only one tiny surplus. What can be held against Reagan is that he expanded the deficits by lowering taxes and raising defense spending without a compensating decline in domestic spending. From 1980 to 1989, deficits averaged 3.9 percent of GDP, compared with 2.1 percent of GDP in the 1970s and 0.8 percent in the 1960s.

• *Myth*: Budget deficits raise interest rates. *Reality*: Deficits are only one of many influences on interest rates, and at present a minor one.

People believe this myth because it seems logical. The more the government borrows, the greater the demand for credit. All other things being equal, interest rates should rise. But other things are rarely equal, and actual interest rates reflect many forces: current and expected inflation (lenders want a return on their money after inflation); the state of the economy (which affects the overall demand for credit); Federal Reserve policy (which affects the supply of lendable funds); the willingness of foreigners to buy U.S. stocks and bonds (this too affects the supply of funds); the perception of risk (higher risks cause lenders to want higher rates). Studies that try to disentangle the various influences claim to find small effects of budget deficits on rates, but the real-world impact is hard to detect.

It is true that long-term bond rates declined in 1993 after Clinton's budget plan passed Congress, but they had already been declining slowly for four years, despite rising deficits. The annual averages for ten-year Treasury bonds were 8.55 percent in 1990, 7.86 percent in 1991, 7.01 percent in 1992, and 5.87 percent in 1993. The major causes of the declines were probably a weak economy and lower inflation. By one measure, inflation in 1993 was the lowest since 1964. Worse for the theory, interest rates rose in 1994 (to 7.09 percent for ten-year Treasury bonds)—despite Clinton's budget plan. The present situation confirms the loose link between deficits and interest rates. Under President Bush, deficits have exploded. But the rate on a ten-year Treasury bond is about 4 percent; even adjusted for inflation, this is lower than the 1993 rate (inflation in 1993 was 2.7 percent; in 2003, it was 1.9 percent). Rates on home mortgages and corporate bonds were recently the lowest since the 1960s. The point is not that deficits don't matter; it is that their influence depends on circumstances and, so far, has been small.

• *Myth*: Big budget deficits depress private investment and thereby hurt future wages and living standards. *Reality*: The adverse effect is tiny or non-existent.

Again, the logic seems impeccable: higher federal borrowing would seem to "crowd out" some private investment. Since investment raises productivity (the source of higher wages and profits), lower investment ultimately hurts living standards. In practice, however, the logic isn't infallible. Bigger budget deficits can also crowd out consumer spending (partly financed by borrowing) or housing construction (heavily dependent on borrowing). In the 1980s, business investment averaged 12.7 percent of GDP, which was higher than in either the 1960s

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(9.9 percent) or the 1970s (11.1 percent). In reality, the deficits do not yet seem to have crowded out anything. Americans have enjoyed high consumption without sacrificing much, if any, investment. The reason lies in large trade deficits. We are able to spend more than we produce. The trade deficits reflect the dollar's special role as the major global trading and investment currency. Foreigners keep some of the dollars they earn from their American exports for other trade and investment. This holds the dollar's exchange rate at a level—our imports cheaper, our exports more expensive—that produces a trade deficit.

More important, it's not just how much a country invests but how well. As the recent dot-com and telecom debacles attest, investment is not automatically productive. Generally, though, America seems to invest better than other societies. Managers face intense pressure to make new investments profitable. Inefficient and bankrupt firms are allowed to shrink or disappear, rather than being propped up by governments (as in Europe) or banks (as in Japan). Throughout the 1980s, commentators routinely predicted that Japan's living standards would soon overtake America's because Japan's investment rates—investment as a share of GDP—were twice as high. That hasn't happened, mainly because much of Japan's investment has been wasted.

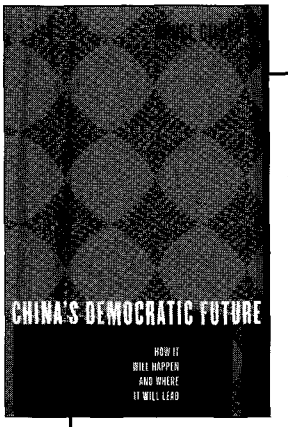
• *Myth*: The Clinton administration's fiscal responsibility—or, if you prefer, the Republican Congress's after 1994—led to budget surpluses in the late 1990s. *Reality*: The economic boom and the end of the Cold War were the basic causes of the surpluses.

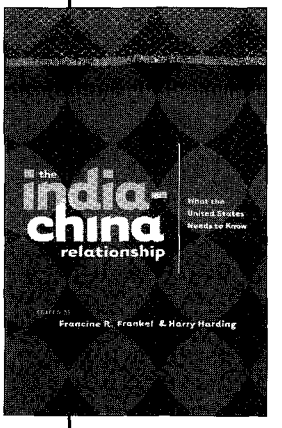
True, the White House and Congress constantly fought over deficits and negotiated periodic agreements, including Clinton's 1993 plan to reduce the deficit. But those plans confuse more than they clarify. Even in the 1990s, most spending continued to rise faster than inflation. Defense was the big exception, because the end of the Cold War led to deep cuts in ships, planes, and combat divisions. From 1992 to 1999, defense spending dropped from 4.9 percent of GDP to 3 percent; in 2000, this decline amounted to about $185 billion. Meanwhile, the economic boom produced an unpredicted surge in income taxes and capital gains taxes (mainly on stock profits). In 2000, the surprise increase easily totaled 2 percent of GDP. That was another nearly $200 billion. Together, these windfalls more than explain the surpluses of $126 billion in 1999 or $236 billion in 2000.

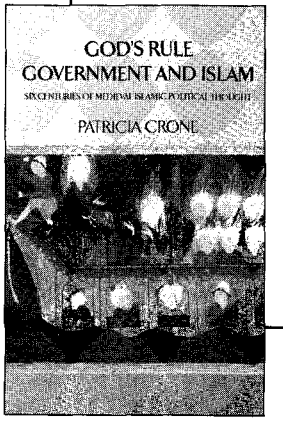
It is also worth recalling that the Clinton administration did not initially favor balanced budgets. Its goal was the more modest and vaguer "deficit reduction," and in 1995, when Newt Gingrich advocated balancing the budget by 2002, all the president's economic advisers objected. "We had successfully addressed the deficit problem in 1993 and intended to continue reducing the deficits," Rubin writes. "Going all the way to a truly balanced budget would require additional program reductions that would serve little economic purpose." Ultimately, Clinton overruled his economic advisers, deciding that it was important politically to match the Republicans' commitment.

• *Myth*: The central budget problem is eliminating stubborn budget deficits. *Reality*: The true problem is federal spending, driven by higher retirement benefits for aging baby-boomers.

Spending, not deficits, dominates the budget's economic and social impact. To







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understand why, consider two hypothetical (and extreme) budgets. One equals 5 percent of GDP and has a deficit of 2 percent of GDP. The other equals 50 percent of GDP and is balanced. In the first, the role of government is small, despite the deficit. Public services are skimpy, and a modest tax increase could easily cover the deficit. In the second, government plays a huge role. Government services and transfers are huge. Taxes are already steep. Any unanticipated spending or loss of tax revenues might create economic or social strain. In both cases, spending sets government benefits and determines the required level of financing, whether by taxes or by borrowing. If taxes or deficits get too high, they could harm the economy or cause a political backlash.

Now consider the actual U.S. budget outlook. Social Security, Medicare, and Medicaid already represent about two-fifths of federal spending. With more retirees, this spending will shoot up even if benefits aren't sweetened as they were last year, when Congress passed a Medicare drug benefit. Depending on future health costs, by 2030 federal retirement spending could easily increase by 80 percent as a share of GDP, according to Congressional Budget Office projections. If other spending is not cut dramatically, taxes will rise sharply or deficits could become so large that lenders might refuse to lend, fearing a government default.

Once deficit mythology is stripped away, the Clinton-Rubin budgetary achievement diminishes. To be fair, their focus on the deficit precluded major new domestic spending proposals (to the consternation of many liberals). But this restraint reflected practical politics as much as conscious policy. In 1992, Ross Perot, running against George H.W. Bush and Bill Clinton, won almost twenty million votes by inveighing against budget deficits. In 1993, Congress was in no mood for more spending; and the same was true after the Republican victory in 1994 (though many Republicans later turned spendthrift). As noted, the 1993 budget package had only a small effect on the economy. It was sometimes said that Greenspan pledged to keep short-term interest rates low if the White House cut the budget deficit. But Rubin doesn't mention any agreement, and the Fed actually raised short-term rates in 1994 to deter inflation.

Indeed, Clinton's budget policy failed in one critical respect: it did not address the long-term problems of the baby-boomers' retirement. Not only did the administration refuse to face the issue, it opposed anyone who tried. As a member of the party that created Social Security and Medicare, Clinton might have made a historic break with the past, much as Richard Nixon broke with Republican dogma when he went to China. Clinton might have argued that longer life expectancies and more retirees justified slowly increasing the eligibility age—with ample advance warning—and tying benefits more directly to income. It is almost impossible for one party to propose changes alone without facing withering partisan attacks. But there were many opportunities for a bipartisan approach. In 1993, Senator Bob Kerrey of Nebraska provided the decisive vote to pass Clinton's budget plan; his single condition was that the president appoint a presidential commission on entitlement spending. Clinton did, and then he ignored it. In his second term, he undermined a commission on Medicare reform. Less conspicuous opportunities were similarly discarded.

Instead, Clinton played the traditional Democratic game of using Social Security and Medicare to enhance his own popularity and to attack the Republicans. There are those who think that if Monica Lewinsky had never worked in the White House, Clinton might have acted more boldly to overhaul these programs. Rubin dismisses this speculation:

> Did the Lewinsky scandal harm Clinton's second term on a substantial level? Some people argue that the administration missed opportunities as a result, particularly with regard to reform of the Social Security system. But my instinct is that Clinton could not have gotten more done, at least in this area, even if the scandal never struck. We had begun to explore Social Security reform in 1997. When we floated one relatively modest change—revising the annual cost-of-living adjustment to better reflect inflation—we basically had our heads handed to us by Democrats in Congress and interest groups.... Some might argue that Clinton should have gone to war with his own supporters on this issue or that he could have done so if he hadn't needed their support in the impeachment fight. But well before the scandal, we already felt stuck.

This is self-serving. Had Clinton tried, he might have forged a coalition of middle-of-the-road Democrats and Republicans to make major changes in Social Security and Medicare. But he wasn't interested. In *The Natural*, Joe Klein recounts Clinton's delight in early 1998 (just as the Lewinsky scandal was breaking) in inventing the slogan "Save Social Security First." To be fair, Clinton's pitch was also an argument against using any budget surpluses for tax cuts—as Republicans were then unwisely urging—as opposed to reducing the federal debt. But mainly it was a plug for the status quo: preserving all future benefits of Social Security and Medicare. Eligibility ages would not be raised; benefits for wealthier retirees would not be trimmed; retirees would not be asked to pay more. Future taxpayers—children and young workers, who don't vote or don't vote in great numbers—were ignored.

And what was Rubin doing all this time? Not much. There is no evidence that he ever pushed for major spending curbs on government retirement programs. What we have is the paradox of a man who has built his reputation as a paragon of budgetary rectitude but essentially ignored the major budgetary problem of his time. It may be an uncertain world, as he says, but some things are fairly certain. One is that baby boomers will age and clamor for their federal benefits. That is the central engine driving spending, taxes, and the deficit. While he was a member of the administration, Rubin's silence might have been rationalized as pragmatic. If the president wasn't interested, why fight a futile fight? But Rubin still ignores the issue. In this book of roughly four hundred pages, he never discusses it in any detail. He focuses singlemindedly on budget deficits as if they were freestanding evils and little else mattered.

As a society, we would have been better off never abandoning the pre-Kennedy folk wisdom of generally avoiding large peacetime deficits in good times and tolerating them grudgingly in bad times. But, having created almost-permanent deficits, we need to understand them better. In political terms, this is easy: they denote a desire to spend more than we tax; they are the politics of convenience. But in economic terms, the answer is maddeningly vague: it depends. As circumstances change, so will the effects of deficits. When the economy is weak, deficits may sustain spending

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and employment. That is good. When deficits are modest and federal debt (the accumulation of past deficits) is low, they may not matter much, for good or ill. That is at least half true now. At the end of World War II, publicly held federal debt equaled 109 percent of GDP; in 2003, it was 36 percent of GDP. In general, the economy—our national income—has grown faster than the debt.

But there could easily be circumstances in which the dire consequences envisioned by Rubin and others might materialize: if deficits indefinitely remain large (say, in excess of 2 percent to 3 percent of GDP—now about $220 billion to $330 billion annually); if foreigners' desire to hold dollars sharply diminishes; if government spending continues to rise; if there is no increase in Americans' willingness to save. Then interest rates might rise, choking off investment and promoting stagnation. Worse, huge deficits could trigger a financial crisis, because many investors—doubting the government's ability to refinance its outstanding debt—might refuse to hold Treasury bonds. There is indeed a possibility of a distant budgetary "crack-up," but Clinton and Rubin did less to avert it than they—and much of the public—believe.

II.

THE CRACK-UP THAT RUBIN and others did help to prevent is now fading from popular memory, precisely because it was avoided. What we call "the Asian financial crisis" posed the most serious danger to the international economy since the 1930s. The most important fact about it is that it did not become a worldwide calamity. Global stock markets did not crash, nor did the world trading system implode. To some, particularly Europeans, the threats were always overdrawn. But Rubin and a few others decided—correctly, in my opinion—that the risks weren't worth running.

The nub of the problem was simple. Some developing countries (now called "emerging markets," because they have escaped the most extreme poverty and achieved modest affluence) were exhausting their foreign-exchange reserves of "hard" currencies, such as the dollar and the euro, acceptable in international trade. These countries had borrowed too much abroad—again, in hard currencies—and couldn't repay all their debts. The practical question was whether these debtor countries would be rescued from their predicament by massive loans from the International Monetary Fund (IMF) and other international agencies.

If a few countries experience crises, it is a big problem for them, but not for anyone else. The great danger was "contagion," which is a fancy word for panic. If many (or all) emerging markets became suspect, capital flight—lenders calling in their loans, investors selling the debtors' stocks and bonds—might lead to economic collapse. As countries, lacking new international credit, depleted their foreign-exchange reserves, their ability to import would shrivel. Meanwhile, their desire to export and to earn scarce hard currencies would become frantic. One country's imports are necessarily another's exports. So the ultimate threat was a worldwide downward spiral. Global exports would drop—in 1997, all emerging markets accounted for 43 percent of American exports. Cheap imports would depress prices and profits in many countries, including the United States. Unemployment would rise; stock markets would fall.

We can never know what would have happened if Rubin and others had failed to act. After the crisis, *Time* magazine dubbed Rubin, Greenspan, and Lawrence Summers—then Rubin's principal deputy, later treasury secretary, and now president of Harvard—"The Committee to Save the World." This is misleading. These three men did not originate many of the details of the IMF loan packages and, in some cases, only reluctantly agreed to them. But they did make the critical decision to get involved. If they had remained passive, terrified investors and desperate governments might have scrambled to save themselves in whatever ways they could. The struggle to contain the crisis, despite day-to-day setbacks, succeeded in its larger purpose of buying time and preventing a complete loss of confidence. As long as private investors and governments knew that someone was trying to prevent the worst, they were constrained. Investors had less reason to sell securities—stocks, bonds—that were otherwise profitable. Governments had less reason to go protectionist, adopting unilateral restrictions on trade or financial flows (movements of money in and out of the country). A free-for-all was averted.

The most detailed and compelling chronicle of the crisis remains Paul Blustein's *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF*, which appeared a few years ago. Blustein pieced together a rich narrative from interviews with about 140 people—bankers, government officials, economists. Rubin's account of these events might have added to our understanding of what happened and why. It doesn't. One turning point of the crisis, for example, involved convincing many of South Korea's foreign bankers not to demand immediate repayment of their loans. This spared Korea from defaulting—an event that Rubin and others feared could have led to a domino effect. Rubin reportedly persuaded some recalcitrant banks to join the standstill. But he doesn't say which ones they were.

The crisis started quietly in July 1997, when Thailand devalued its currency, the baht, against the dollar. For most of the next two years, a string of countries—Indonesia, South Korea, Russia, and Brazil—experienced similar currency collapses. All had, in one way or another, become dependent on foreign capital, usually in dollars. Thai banks had borrowed heavily abroad. In Indonesia, banks and local companies had all borrowed. The same was true in Brazil; and the government also had foreign creditors. Russia had sold huge quantities of government securities to overseas lenders. The main incentives for these loans and investments were interest rates. Dollar lenders could get higher rates on emerging-market debt than on straight dollar loans in the United States; similarly, borrowers in these countries usually got lower rates than on loans made in their own currencies. Typically, the borrowed dollars were converted into national currencies, which could then be spent locally; the dollars would augment the countries' foreign-exchange reserves and could be purchased—for local currency—by anyone needing to pay for imports. The catch was that hard-currency loans ultimately had to be repaid in hard currency.

For much of the post–World War II era, money (a.k.a. "capital") had not moved so freely across borders. Countries imposed restrictions on who could bring it in and who could take it out. Hard-currency earnings resulted mostly from trade, and what happened within a country's borders involved the management of the country's national money, whether lira, yen, or pesos. But as countries grew wealthier and global trade expanded, restrictions on capital diminished. Richer countries lifted them first.

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Then, in the late 1980s and early 1990s, many poorer countries followed suit. What is less clear is why.

In his new book, Joseph Stiglitz, the Nobel Prize–winning economist who served on Clinton's Council of Economic Advisers from 1993 to 1997 and then was chief economist of the World Bank, blames the U.S. Treasury and the IMF, which "had pushed for rapid financial and capital market liberalization." They are the villains; they created their own crisis. This seems too glib, and Stiglitz's account does not convincingly substantiate the accusation. But something less conspiratorial may have occurred. The end of the Cold War unleashed rampant optimism about how free markets and new technology were transforming the world. Countries wanted to join the global bonanza. They more willingly embraced prospects—whether from the IMF, the United States, foreign banks, or local businesses—of becoming more interconnected with the world economy, including being more open to foreign capital. That this might create problems first became obvious in late 1994, when massive capital flight from Mexico drained the country's foreign exchange reserves. Rubin, who had just become treasury secretary, organized a controversial $40 billion rescue package, fearing that an economic breakdown in Mexico would create a social crisis that would spill over into the United States.

WITH HINDSIGHT, WE KNOW that there were two problems underlying Asia's financial crisis. One was weak banking and financing systems in the debtor countries. In theory, borrowing abroad ought to be good. If the money is well invested, the borrowers will be enriched and will easily repay their loans, and the lenders will earn a decent return. But if the money is poorly invested, everyone can lose. Even in advanced countries, the mechanisms that transform investment capital into profitable projects are highly imperfect. Witness the Japanese and American "bubbles" of the late 1980s and 1990s. But in the emerging markets, banking and financial systems were both more primitive and less policed. In practice, much of the borrowed foreign money was squandered by the banks or companies that borrowed it.

This might not have mattered but for the second problem: pegged exchange rates. All the countries in crisis had pegged their currencies to the dollar. Before the crisis, Thailand fixed the baht's exchange rate at about twenty-five to the dollar; South Korea's exchange rate was roughly 915 won to the dollar. Pegged exchange rates have advantages: exporters and importers know how much their goods will cost, and borrowers in foreign currencies know how much local currency they will need to repay overseas loans. But there are also disadvantages. Pegged exchange rates may encourage capital inflows by (falsely) suggesting that there's no currency risk. Moreover, if a currency becomes "overvalued"—too high in relation to other currencies—the country's exports may become less competitive in world markets. That's what happened. In late 1995, the dollar began rising on foreign exchange markets. Currencies pegged to the dollar also rose. Thailand, South Korea, and other Asian countries lost competitiveness to Japan. Just as these countries were increasing their dollar debts, their ability to earn dollars through exports eroded.

In Thailand, the two problems intersected. By early 1997, banks' nonperforming loans—loans on which payments were at least six months overdue—reached 12 percent, according to Blustein. Banks and finance companies had contributed to a real estate boom by providing loans for apartments, shopping malls, and office buildings well in excess of demand. Foreign lenders to Thai banks began pulling their money out by not renewing their loans. With a pegged exchange rate, Thailand was committed to paying a dollar for every twenty-five baht presented. The trouble was that Thailand didn't have unlimited dollars. Once its foreign-exchange reserves were exhausted, the baht would fall to whatever the market dictated. If sellers of dollars demanded forty or fifty baht, that's what it would be. Thailand's ability to import, which depended on dollars, would drop sharply. Some companies would not be able to buy essential raw materials or components. Some would not be able to repay their debts. The economy would reel. Companies and banks might fold.

What was unrecognized in mid-1997 was that other countries' financial systems faced similar dangers. In South Korea, government policies for industrial development had skewed credit flows. The "chaebols"—vast conglomerates of many enterprises—had received huge quantities of cheap credit to build factories for computer chips, cars, and steel beyond what global demand required. In Indonesia, banks had often funneled loans to well-connected businessmen, including relatives of General Suharto, the strongman since 1965. The grim specter that slowly emerged was of an uncontrollable chain reaction. As more countries experienced financial problems, global investors might flee many—or most—emerging markets without waiting to see if any individual country actually had difficulties. There would be panic, a rush for the exits.

One of the great advances of practical economics, made in the nineteenth and early twentieth centuries, was the discovery that financial panics can sometimes be halted or limited. Someone could intervene to protect depositors, lenders, and investors against losses. In Britain, it was the Bank of England. In the United States during the Panic of 1907, it was J. P. Morgan and the banks that he could mobilize behind him. If some huge amalgam of collective money could reassure all depositors that they would be repaid, they would not rush to withdraw. The banking system, providing the loans essential for a healthy economy, would not be needlessly crippled by an uncontrollable outflow of funds. The same logic could be applied to panic in any market, including the stock market. The central question posed by the Asian crisis was whether to mount a similar rescue operation on a global scale.

The hastily constructed IMF rescue packages were messy and controversial. Both the IMF and the debtor countries made mistakes. Thailand and South Korea concealed the depletion of their foreign-exchange reserves. Once revealed, these lies made restoring confidence harder. In Indonesia, Suharto didn't abide by the IMF program he accepted. Also in Indonesia, the IMF erred by shutting some shaky banks and thereby triggering a general depositor panic. The IMF loans failed in more general ways. None of the countries succeeded in defending its exchange rate. All suffered huge depreciations and savage recessions bordering on depressions.

But the IMF, Rubin, and Greenspan muddled through. By 1999, Asian economies were growing again: South Korea's growth was 10.9 percent, Thailand's 4.4 percent. (Indonesia was an exception.) More important, the repercussions were limited. In the United States—contrary to more fearsome, though reasonable, expectations—the "Asian crisis" may actually have contributed to the

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gathering boom by holding down inflation (those "cheap" imports) and redirecting even more foreign capital toward the American stock and bond markets. Exuberant American consumers and businesses, by buying Asia's exports, provided a safety net for its economies and helped sustain a global expansion. Still, the final stages of the crisis suggested that a more timid response might have had more frightening consequences.

On August 17, 1998, Russia defaulted on its government debt, much of it held by foreign investors. This time, the IMF did not provide a rescue, because it feared feeding "moral hazard": if people—investors, in this case—are rescued from the consequences of their bad behavior, it will abet more bad behavior. In Russia, moral hazard had gone into overdrive. Those foreign investors—including some "hedge funds" owned by the super-wealthy—were collecting exorbitant interest rates (up to 100 percent at the end) on the Russian debt on the assumption that the IMF would have to bail out a nuclear power. Investors converted dollars (or other hard currencies) into rubles, put the rubles in Russian government debt, collected the lavish interest, and then, when they were ready, reconverted rubles back into dollars. But if the rubles couldn't be re-exchanged for dollars, the profitable operation would cease—and investors would suffer massive losses on worthless Russian securities. This is what happened when the IMF refused to provide more dollars. By itself, Russia's economy didn't matter much; it was less than 3 percent of the world economy. But the specter of a major government defaulting on its debt, something considered unthinkable in the modern era, rattled investment managers from hedge funds to insurance companies.

The rules had changed, but how? No one could tell. Everything seemed riskier. As a result, investors fled into cash or the safest investments they could find. By early September, the Dow Jones Industrial Average was down 19 percent from its July peak. By early October, Greenspan was saying publicly that bond markets were in disarray. "I have been looking at the American economy on a day-by-day basis for almost a half-century, but I have never seen anything like this," he said. "[Investors] are basically saying, 'I want out. I don't want to know anything about whether a particular investment is risky or not. I just want to disengage.' " To dispel any panic, the Fed cut interest rates three times in the fall of 1998 and arranged for the rescue of Long-Term Capital Management, a gigantic hedge fund whose insolvency might have caused more losses and insecurity. But the episode vividly demonstrated how fraying confidence might easily give way to a larger financial or economic crisis.

Avoiding that stands as Rubin's greatest achievement. It seems clearer now than it did then, because—as both his and Blustein's accounts make clear—the rescue process verged on chaos. The negotiations that ultimately defused the crisis were incredibly complex: between the IMF and the debtor countries; between different segments of the IMF staff; between the IMF and the U.S. Treasury; between Rubin's Treasury Department and other parts of the U.S. government (the State and Defense Departments, the National Security Council); between the Americans and the Europeans and the Japanese. It was often touch and go, but Rubin's "probabilistic" approach served him well. It meant keeping an open mind while recognizing that the inevitable uncertainty was not a sufficient excuse for inaction and paralysis.

IV.

There will always be economic crises, and when they occur we will be fortunate to have leaders of Rubin's intelligence and calm. Naturally we want to minimize these moments by better understanding our economic surroundings so as to anticipate possible dangers, and in this regard Rubin offers almost no help. His devotion to the certainty of uncertainty discourages this sort of exercise, because the future is by definition unknowable. But people will always try to prepare for the future that they imagine—and if their picture is wildly unrealistic, then they may become victims of their own delusions. This is our present predicament.

A common thread connects the problems of the federal budget and of globalization: two progressive developments—the rise of the welfare state and the expansion of international commerce—may now have undesirable side effects. Both have alleviated suffering and advanced the human condition. Possibly, they will continue to do so. But they could also reduce economic growth and foster instability. What to do? We cannot reverse these changes. The welfare state is a permanent part of the national fabric, as in most advanced societies. No one is going to repeal Social Security, Medicare, or food stamps, because doing so would tear up too many lives and, not incidentally, constitute political suicide. Equally, we cannot undo globalization. Jet travel, fiber-optics, and the Internet will not disappear. Nor will worldwide production systems suddenly be dismantled and reassembled within national boundaries.

Somehow we will adjust to new realities—but better to do so mostly on our terms than to wait for events to overtake us. The present conventional wisdom about the welfare state and globalization dates to the Great Depression, World War II, and the Cold War. By discrediting raw capitalism, the Depression made the welfare state an acceptable way to combat misery and political turmoil. Free trade was another legacy of the Depression, because protectionism in the early 1930s was thought to have worsened the economic collapse and to have contributed to the onset of war. The Cold War reinforced these beliefs. Countries that trade together (we thought) would stay together—and, through greater prosperity, resist communism. We traded mainly with our military allies.

On all fronts, times have changed. The obsession with budget deficits merely masks a larger crisis of the welfare state. The impending rise in retirement spending (in the United States, Europe, and Japan) is so large that it may push taxes, deficits, or both to punishing levels. The ultimate danger is a death spiral. Faltering economic growth makes it harder for governments to pay promised benefits. This leads to higher taxes or deficits, which may further reduce economic growth; or to drastic cuts in promised benefits, which may trigger a political backlash. Higher taxes may also discourage younger workers from having children, because the costs of child-rearing seem too steep compared with after-tax income. Fewer children eventually means fewer workers, compounding the problem of paying for retirees.

Similarly, the Asian financial crisis was not just a dress rehearsal for others like it. So much else has changed. We no longer trade mainly with our closest allies—who, now that the Cold War is over, aren't so close anymore. China is our second-largest source of imports. Nor is trade limited to wheat, steel, cars, and other goods. The low cost and high speed

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of communications means that many jobs (database managers, software designers, call-center operators) can be "outsourced" to countries where wages are lower. Globalization, at its best, reduces poverty and increases incomes and freedom. But its dangers include the transmission of diseases and terrorism across borders, the vulnerability of worldwide communications to breakdown, the disruption of traditional societies, and old-fashioned economic instability.

It's not just Rubin who has declined to stretch his mind on these essential subjects. Stiglitz, whose specialty is defining the proper boundary between government and private-market activity, omits from his review of the 1990s any extended discussion of the aging of the population and its budgetary, economic, and social implications. His book mostly catalogues complaints, many trivial, about the policies of the administration that he once served. Stanley Fischer, another leading economist and the number-two man at the IMF during the Asian crisis, has collected a group of essays that were first presented to academic and professional audiences. They usefully review many recent developments and concede some IMF mistakes (supporting pegged exchange rates, for instance), but they do not break much new ground.

THERE IS AN IMPRESSIVE EXception in *Growing Public: Social Spending and Economic Growth Since the Eighteenth Century* by the economic historian Peter H. Lindert. He asks a simple question: is it true—as many economists and politicians, as well as this reviewer, assume—that bigger government usually hurts economic growth, by increasing taxes and spending? The prevailing wisdom has been that societies face a choice. They can have more social justice, but only at the cost of some economic growth. Not so, says Lindert—at least not until now. The welfare state so far has been a "free lunch," he argues. Bigger government has not reduced economic growth.

He offers three reasons for this apparent paradox. First, some government spending (especially on education) can increase growth. Second, generous unemployment and disability benefits may raise unemployment, but because the added jobless are mostly unskilled and unproductive, their loss doesn't matter much. And finally, big-government societies, mostly in Europe, have favored taxes—particularly the value-added tax, a national sales tax—that fall mainly on consumption, not on work effort or investment. Growth does not suffer.

If Lindert is right, oversized welfare states are not much of a threat. But his case may be overdrawn. Consider per-person incomes in Europe's richer states—France, Germany, Belgium, and the Netherlands. They are roughly 15 percent to 30 percent below those of the United States. Interestingly, labor productivity (output per hour worked) in these countries and the United States is about the same. The income gap reflects shorter working hours and fewer workers (proportionately) in Europe. In part, this may be cultural: Europeans want longer vacations and more leisure. But high tax rates also discourage extra work. It doesn't pay. Taking Lindert at face value would justify a dangerous complacency. Even he thinks that retirement benefits should be scaled back to avoid overburdening younger workers with taxes.

In the United States, this means trimming Social Security and Medicare. It is dismaying that someone such as Rubin, even out of office, will not discuss the problem candidly. What needs to be acknowledged is that the nature of these programs has changed. They started as a safety net for those who could no longer work and could not pay for unanticipated health expenses. They have now also become retirement subsidies for people who could work or could afford some (or all) of their health costs. The young are being compelled to subsidize the leisure of the old—a tolerable situation when there were so many more young than old, but now increasingly unbearable. These programs should be nudged back toward their original purpose.

In contrast to the welfare state—where conflicts are obvious if unpalatable—the problems of globalization are often murky. One overlooked question is whether or not the global economy is stable. When trade was modest and limited mainly to goods, from steel to sugar, countries were mostly in charge of their own economies. It was national politics and culture that largely determined which societies succeeded and failed, and though trade was often vital—to Japan and many Asian nations especially—it was rarely decisive. But as trade has expanded, as production systems have become more global, and as international flows of money and information have increased, the domestic model of how economies operate has to be modified. No one would now say that the economy of Connecticut exists apart from the larger American economy, even though Connecticut's economy is different from, say, Colorado's. The same parallel is not yet fully true of the American and the global economy, but it is becoming more so.

THE ASIAN FINANCIAL CRISIS showed how developments in one part of the world might threaten economic stability elsewhere. But there are other potential paths to instability. Consider the "dollar standard." Since 1945, the dollar, replacing gold, has served as the main currency for international trade and investment. In recent years, this has involved a bar-

Modus Operandi

The curtains drawn, all rectangles are blue.
Four morning pigeons wheel in the school glue.
I hate the treacherous light of December.
Cold. I eat pumpkin soup out of the blender.

The central heating grumbles: "You, get out."
Right. I put on my coat and off I go
where the salted red herring of the pavement
waits for the imminent snow.

Trot, trot along, you, unbuttoned biped,
across a skeleton of rusty tracks, with others
clutching in hand their steamy paper cups—
their secular candles.

March—*ein, zwei, drei*—under a crescent sun,
like numbers to infinity, ahead
through all the painted hallways of the town,
through all the scheduled winters of the world,

through all the bleaching mornings of the year
to where the distant clock chimes in the square—
whether to add up or to disappear
in the empire of digits, paying your fare.

KATIA KAPOVICH

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gain between the United States and the rest of the world that may now be vulnerable to breakdown. We have run ever-larger trade deficits (now about 5 percent of GDP) that, until recently, satisfied almost everyone. For foreigners, the buoyant U.S. market sustained domestic employment and investment. For Americans, the trade deficits meant—as long as unemployment was fairly low—that we could spend more than we produced. This (again) minimized the adverse effects of federal budget deficits. In effect, we exchange dollars (which foreigners usually re-invest in U.S. stocks, bonds, companies, or real estate) for goods and services (which we consume).

But the bargain could unravel if the outflow of dollars exceeds what foreigners want to hold. Then dollars would be sold for euros, yen, and other currencies. There are twin dangers. One is a panicky flight from dollars, which would result in massive sales by foreigners of American stocks and bonds, sending these markets into a tailspin and triggering a broader economic slump. The other possibility is that the dollar could decline gradually against other currencies (as has occurred recently), increasing the competitiveness of American exports and decreasing the competitiveness of American imports. Our trade deficit would stabilize, diminish, or disappear. Fine, so far. The danger arises if other countries cannot compensate for the loss of exports to the United States. If they were economically addicted to the American market, the result might be prolonged global sluggishness or stagnation. Countries would compete for pieces of a relatively fixed economic pie. This might inspire protectionism or frustrate efforts to promote development in the poorest countries.

Our understanding of today's ever-changing global markets is sketchy. The latest uncertainties involve China and India, which have decisively joined the world economy in the past fifteen years. With one-third of the world's population, they represent both a huge potential source of supply (of cheap labor and products) and a huge potential source of demand (for almost everything, starting with raw materials). The bad specter is of millions of jobs being drained from the United States, Europe, and many poor countries, including many white-collar jobs that go to Indian or Chinese software engineers or accountants. The better prospect is of a global boom driven heavily by their development needs. In theory, the more China and India sell abroad, the more they ought to buy abroad. China's population is more than four times ours; its GDP is only an eighth of ours. For years we have heard that all our jobs would flee to Japan, South Korea, or Mexico. They haven't fled. Some have been lost; others have taken their place. But maybe China and India—by their sheer size—are different. To avoid unrest, China's central need is to create jobs. What better way than by selling to Americans?

Countries may automatically adjust to changes in the world economy and thereby maintain overall stability and expansion. But there is no guarantee that today's glaring imbalances, symbolized by gigantic American trade deficits, will spontaneously and painlessly correct themselves. If you ponder the possibilities, you can imagine some grim outcomes. The worst would be a merging of the problems of globalization and bigger welfare states. The most prosperous societies—the United States, Europe and Japan—slowly stagnate. Developing countries cannot generate strong domestic economic growth to offset their loss of exports to the United States. Everyone saunters or sprints to protectionist and mercantilist policies intended to advance their own business and employment goals at someone else's expense, but when taken together corrode confidence and further subvert global economic growth.

Whatever happens, we face some stubborn contradictions. Politics remain firmly national, driven increasingly by promises to pay more government benefits, while economics—the ultimate basis for redeeming all those promises—is growing increasingly international. Meanwhile, our global commercial relations no longer mirror our global political alliances. Oil represents one obvious problem, but there are others. The next economics ought to help us grapple with these contradictions, but it is nowhere in sight.

It is worth reverting to Alexander Hamilton for a more hopeful precedent. When he became the first secretary of the treasury, the United States was a nation of about four million people that was largely agrarian and had something of a shipping industry. But it lacked most manufacturing, had almost no financial system, was without any national taxes, and was saddled with a patchwork of Revolutionary debts that were in various states of repudiation. This disarray did not daunt Hamilton. He had firm notions about how repaying the debt, creating a central bank, and encouraging manufacturing would promote national prosperity and power. Like many of the Founders, he was a man of both ideas and action. Whom do we have now like that? ■

Ingrid D. Rowland
The Missing Lynx

THE EYE OF THE LYNX: GALILEO, HIS FRIENDS, AND THE BEGINNINGS OF MODERN NATURAL HISTORY
By David Freedberg
(University of Chicago Press. 513 pp., $30)

IN 2003, THE PRESIDENT OF ITALY, Carlo Azeglio Ciampi, paid official honor to a society whose four original members could scarcely have predicted that their intimate club would have become the 540-member national honorific society of a unified, secular Italian state, however well they knew that nature was full of unpredictable marvels. But in fact the year 2003 marked the four hundredth anniversary of their club, the Accademia dei Lincei, named for the proverbially sharp-eyed wildcat that gave its name in turn to Lynceus, the sharp-eyed Greek hero who acted as lookout for Jason and the Argonauts. (As it happened, 2003 was also the year in which wild lynxes were once again spotted in the Italian Appennines.) Those first four Lincei pledged to subject the phenomena of heaven and earth to their penetrating scrutiny, and when they enrolled Galileo Galilei as their sixth member in 1611, the range of that

Ingrid D. Rowland is Andrew W. Mellon Professor in the Humanities at the American Academy in Rome.

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scrutiny expanded to include the furthest reaches that telescope, microscope, and fleet thought could traverse.

David Freedberg's study of the first Lincei could not be better timed. And the Lincei themselves could not ask for a more learned and sympathetic emissary. Freedberg has written a book that pays empathetically devoted attention, descriptive and pictorial, to the individual details that dominated the imaginative life of that first handful of intellectual lynxes. He not only shows his mastery of their dense Latin and occasionally florid Italian vernacular, but also supplies correct analytical terms for the anatomy of flowers, the parts of mushrooms, and the mouthparts of bees. He provides an equally meticulous taxonomy of the social and political circles in which the Lincei lived and tried to pursue their work. Hence the book's first three sections provide a marvelous, deeply intelligent account of how these first Lincei set out exploring and recording the animals, plants, and stars around them, charting their attempts to set that proliferating specificity into sweeping but usable schemes of classification. The book's fourth section, "Pictures and Order," aims to set the Lincean researches themselves into a larger intellectual order.

Freedberg's history of the Lincei in their early years is an extraordinary achievement, the result of relentless, meticulous archival research. He has devoted to documents the same energy and unflagging alertness that his Lincei devoted to the natural world—although his grasp of the natural world is also formidable. One of the most impressive accomplishments of this book is the way Freedberg pieces together the intricate and tragic tale of the publication, over decades, of that natural history of the New World known as the *Mexican Treasure*, the sole surviving record of a huge shipment of manuscripts on New World plants and animals that were conveyed to Spain in the sixteenth century, only to perish in the fire that burned the Escorial in 1671. Freedberg has read the *Mexican Treasure*, not once but over and over, studying it in all its many different versions, patiently comparing each example of the book with the others to conclude, at last, that no two of them are the same.

This is not altogether surprising. One of Freedberg's previous books is devoted to the Lincean drawings called *Citrus Fruits*, a subject that he manages to make as fascinating to modern readers as it was to the seventeenth-century artists and scholars who catalogued these wondrous formations in the first place. Those early citrus fruits were strange creatures indeed. *The Eye of the Lynx* provides images of sports of nature such as "pregnant" oranges (the navels of navel oranges are "pregnant" in this sense) and "fingered" lemons that look like bunches of bananas, but also fat, knobbed Amalfi lemons and citrons in rainbow colors; and there are fungi, civet cats, petrified wood, and a gourd that looks like a baby's head, all of them potential clues for the sharp-eyed Lincei of the grander order that governed Nature and the universe.

FREEDBERG'S BOOK HAS TWO heroes, Prince Federico Cesi, the founder of the Accademia dei Lincei, and Galileo Galilei, its most illustrious member. Both spent their lives pursuing strange details in search of Nature's grand design, as if the very oddity of individuals held the key to the universe, not only for citrus fruits and civet cats but also for people, such as the young nobleman with an uncommon view of friendship, or the restless Tuscan philosopher who could sit for hours staring at the night sky through a glass, darkly.

Bit by intricate bit, the Lincei's investigations began to break down the schematic vision of the world handed them by traditional natural philosophy, and above all by church tradition. These careful investigators began to take serious note of the fact that the Egyptian king lists preserved by ancient Greek writers traced the line of the pharaohs back beyond the conventional date of Creation; they acknowledged, too, that the presence of fossil seashells far from the coast could suggest only that present-day mountains had once been seas. The Age of Exploration had expanded their world beyond the traditional three continents of antiquity, into new civilizations, new foods, new systems of belief. It took as much courage to relinquish the certainties of the past as it did to press on into the new domains of present and future, but the Lincei took their visionary cat symbol to heart and looked ahead unflinchingly, drawing what they saw with all the objectivity they could muster.

Like any serious work, Freedberg's has its quirks of personality. Most writers on Galileo are attracted by the straightforward nature of the Tuscan astronomer's scientific discoveries and his way of presenting them. He avoided peculiarities such as Kepler's mystic celestial harmonies, Bruno's tendency to put his ideas in poetry, or Newton's alchemy—peculiarities that now only seem to have gotten in the way of science. But science as we know it did not yet exist; it was only beginning to take shape as "the new philosophy," and it was taking shape with all the individual eccentricity that the Lincei so prized in the natural world. As one of the dominant shapers of that New Science, Galileo unfortunately passed on not only his way of doing science, but also his scorn for his contemporaries.

BRUNO HAS ALWAYS POSED A particular problem for Galileo scholars. He was burned at the stake in 1600, just nine years before the invention of the telescope, and thus his views of the cosmos owe much less than Galileo's—or ours—to empirical observation. They also owe relatively little to mathematics, the other linchpin of modern scientific practice; Bruno denounces Copernicus on one occasion as a mere calculator, and many historians of science have been willing to take Bruno at his word, Freedberg included. Besides, the work in which Bruno sets out to defend Copernicus, his *Ash Wednesday Supper* of 1584, actually misquotes his hero fairly egregiously.

But a truly Lincean worldview cannot permit any easy generalizations about Bruno and his cosmology. By whatever means Bruno arrived at his idea about the universe—and he arrived with a better grasp of mathematics than his denunciation of the art suggests—it was the most radical idea to be formulated in his own day or Galileo's, and happens to come as close as any natural philosophy of the sixteenth or seventeenth centuries to the way we see that cosmos today: as infinitely large, with an infinite number of planets orbiting an infinite number of stars. Hilary Gatti argues in *Giordano Bruno and Renaissance Science* that our own view of scientific progress has changed radically since the days, and the cosmology, of Isaac Newton; and that both Bruno and his ideas merit another look in our quantum world, along with our idea of scientific progress. Galileo's universe, not Bruno's, was the one that eventually turned into a dead end.

A still greater problem to a conventional Galileo-centered history of science may be posed by the important group of Jesuit astronomers who worked in Rome alongside, and often in opposi-

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tion to, the Lincei. In the first place, Freedberg presents a more monolithic picture of these scholar-priests than was actually the case; like everyone else in their eccentric age, they were distinct individuals, the pregnant oranges and fingered lemons of the religious orchard. It is no longer sufficient to present figures such as Christoph Clavius, Christoph Grienberger, and Christoph Scheiner as true believers in an orthodox Ptolemaic-Aristotelian cosmos, even if they were all compelled by their order's conservative curriculum of 1599, the *Ratio Studiorum*, to do so. Instead, all three taught astronomy at the Jesuits' Roman College by treading a fine line between religious orthodoxy and the empirical evidence that was pouring in not only from Galileo, but also from their own observatory; in 1633, as Galileo appeared before the Roman Inquisition, one of their brethren, Athanasius Kircher, was suggesting to some friends in France that all three were really Copernicans.

Only one Jesuit "new philosopher" of this period openly and willingly gave over his immortal soul, and what we would call his scientific curiosity, to the most strict form of Catholic orthodoxy, and this was Robert Bellarmine, sainted in 1935 for his services to church doctrine, which included aggressive participation in the Inquisition. To this sanguinary figure Freedberg shows surprising leniency. (It is true that Bellarmine said he could never hear the screams of the people tortured and burned at his orders without a twinge of conscience, but other saints somehow managed not to torture and kill at all.) Other Jesuit Fathers did not abandon their curiosity so readily; they reached various degrees of compromises with what they regarded as religious truth, much as Soviet-bloc scientists were forced for many years to make compromises with the genetic theories of Lysenko and other Soviet scientific myths. The fact that one of the Lincei would leave the Academy to join the Society of Jesus should alert us to the fact that the boundaries between Lyncean science and Jesuit science were not as hard and fast as Bellarmine would have liked to make them.

Freedberg liquidates the Jesuit professor Athanasius Kircher with a few short paragraphs, dismissing him as no more than an illustrator "interesting only to students of arcana," but here the gentleman doth protest too much. Surely Freedberg knows that he has supplied an insufficient description of the man who first hypothesized a version of plate tectonics, traced bubonic plague to microbes, and suggested that Coptic would yield the key to Egyptian hieroglyphics. He knows in addition that those "students of arcana" are a compendious group, from Egyptologists to volcanologists to his antiquarian colleagues, and that they are enjoying themselves immensely in their encounters with the Reverend Father. The "students of arcana" know in turn that there are few people in the world better armed than David Freedberg with the knowledge and persistence to plunge into Kircher's dozens of books—and are eager to see what happens when the twain inevitably meet, as they must. The results can only be spectacular, and I, for one, cannot wait.

ANOTHER QUIRK OF THIS REmarkable book is poignantly generational: the reflexive recourse to Foucault, whose once-burnished reputation is beginning to tarnish a bit with time and overexposure to the elements. In 1966, Foucault's *Les mots et les choses* (published in English as *The Order of Things*) divided Western thought into grand, chronologically bound structures called epistemes, and marked one of the great dividing lines between one episteme and the next around the year 1600. To make this scheme appear to work for his own subjects, Freedberg must dig a deep gulf between his early seventeenth-century heroes and the generations that immediately precede them, praising the Lincei for their devotion to order and mathematics while blaming the thinkers of the sixteenth century for their benighted, disorderly ways (which means ignoring Brunelleschi's fifteenth-century geometric harmonies, Leonardo's sketchbooks, and in effect granting Copernicus honorary citizenship in the seventeenth century). There is another solution to this problem, and it is to leave Foucault out of it. In Freedberg's own terms, this is a robust solution that yields elegant results. It does mean facing a certain poststructuralist inquisition, but the inquisition be damned.

Thus it may be admissible (though always incurring a sin of anachronism) to fault someone such as the wonderfully haphazard sixteenth-century collector Ulisse Aldrovandi for poor intellectual organization, but there are other thinkers for whom this apparatus of praise and vituperation obscures more than it reveals. Here are three instances in which the facts refute it. First, although the Lincei certainly wrestled magnificently with the difficulties of graphics and illustration, they were not the first to do so: graphic representation of data was already in full swing by 1520, when Raphael and Cesare Cesariano both used ingenious tables to express various kinds of numerical, cosmic, and architectural order. Second, although Galileo's hagiographers and his own unbounded ego may have divided his work from that of the Jesuit astronomer Christoph Clavius, who devised the Gregorian calendar that still guides our reckoning of time, it seems more sensible to suppose that Galileo, no less than Newton, saw far because he stood on the shoulders of giants. And third, what is the place of Bruno, burned at the stake in 1600 by the secular arm of the Inquisition, whose ideas about an infinite universe made up of atoms loomed far beyond the range of even Galileo's lynx eyes? Bruno always presents a problem for Galileo's partisans, largely because he also wrote on magic, and ancient Egypt, and couched his atomic theory in dactylic hexameter verse, so that he does not fit the role of a scientist. He was also brave enough to die for his ideas, whereas Galileo chose to recant and live.

Yet Bruno, as much as anyone in his era, was one of those strange hybrid creatures that Freedberg argues were so essential to the Lincei as a means to discerning the real order of things. And, true to that observation—which is one of the most lynx-eyed perceptions of this perceptive book—the final section of Freedberg's book verges unavoidably toward these borderline cases as the way to see into the minds of the Lincei, before the argument is hijacked back onto the Foucauldian freeway.

Had Freedberg's closing discussion of pictures and their discontent admitted a continuum, rather than an epistemic break, between the sixteenth century and the seventeenth century, then the earlier thinkers and the earlier ideas could have illuminated their descendants rather than being passed over as so much darkness. Presumably what prevents Freedberg from making this liberating move is his desire to preserve some idea of modernity, but modernity in one form or another has been plaguing humankind ever since Prometheus taught us to play with fire. Still, *The Eye of the Lynx* stands well enough on its own terms as an astounding work of mind and imagination. ■

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CAMBRIDGE DIARIST

Anniversaries

LAST WEEK, THE BIG NEWS from the 9/11 Commission was the disastrous counterterrorism performance of both the CIA and FBI over many years. (With Bob Woodward's description of CIA Director George Tenet's declaration to a skeptical George W. Bush in late 2002 that the intelligence on Iraqi weapons of mass destruction [WMD] was a "slam dunk," Tenet now has the dubious distinction of having utterly failed on the two most important intelligence-related issues of our time. And his certainty about WMD makes Bush's rather more understandable.) The intelligence agencies, it seems, were obsessed not with Al Qaeda, but with protecting their turf. Their political superiors, unfortunately, had their own obsessions: Bill Clinton with Monica, FBI Director Louis Freeh with Al Gore's Buddhist temple fund-raiser, and Condoleezza Rice with Star Wars. (Gore, to his credit, seems to have been obsessed with airport and airline security and produced a prescient report on the subject, the recommendations of which were sabotaged by both the airline industry and civil libertarians.) But fixation on other issues is not the same as ignorance: Important facts about Osama bin Laden's network were known. Richard Clarke and others were frantically trying to get policymakers to focus on them. Still, in the eight years of Clinton's administration and the eight months of Bush's before the leveling of the World Trade Center, few felt an urgent need to respond to what everyone knew: that a vast Islamist conspiracy wanted to inflict harm. Not only *on* the United States, but—as a succession of previously classified intelligence memos now make clear—*in* the United States as well.

ANNIVERSARIES HAUNT OUR PUBLIC personages. The Sunni rising in Falluja and Moqtada Al Sadr's Islamist Shia rising in the south came exactly a year after the fall of Baghdad, so there was little for Bush to celebrate. This time, there were NO MISSION ACCOMPLISHED banners for Karl Rove to display. Instead, Bush has much to puzzle over—if puzzling is something he does, which, as his prime-time press conference made abundantly clear, doesn't seem to be the case.

BY CONTRAST, KOFI ANNAN TELLS US regularly that he puzzles; indeed, he even remonstrates with himself. This is one of his dinner-party charms. During these last weeks, he would have us believe, his soul has been in constant doubt and self-reproach. Why these weeks especially? Because we have just observed the tenth anniversary of the Hutu extermination of the Tutsi, as many as 800,000 of them, in Rwanda, which Annan, as head of the U.N. Department of Peacekeeping Operations, on several occasions ordered his personnel not to impede—except if it were "essential for the evacuation of foreign nationals."

IT WASN'T AS IF THE MILITARY FORCE needed to block the vast machete genocide was unavailable. (Samantha Power tells us convincingly in *"A Problem from Hell": America and the Age of Genocide* that, with appropriate and easy maneuvers, the United Nations could have both staged rescue operations and confronted the killers.) What was unavailable was international will, for whose flaccidity Annan was both incarnation and tribune. He played a similar role in the Serbian carnage of the Bosnians. Showy apologies from such a man are a bit indecent, rather like Robert McNamara's sermons about just wars. If I had stood by in the face of the mass murder of 800,000 Tutsi, as Annan did, I'd be doing penance rather than lecturing others. One useful form of penance would be for Annan to do something serious about another genocide going on right now on his home continent—in Sudan, where Arab militias are slaughtering or deporting hundreds of thousands of Africans from their own country. Typically, Annan has uttered some high-minded words. But he and his organization have done almost nothing.

GIVEN THE U.N.'S SHABBY RECORD IN so many countries, over so many years, it is amazing that John Kerry still thinks the organization can be the deus ex machina in Iraq. To be sure, Bush is himself handing over some power to Annan's diplomats, in a reluctant concession to the political realities in Baghdad, London, and Washington. But his Democratic challenger—a longtime enthusiast for all manner of international institutions—is downright enthusiastic about putting the United Nations in charge of Iraq's return to sovereignty. This, despite the ongoing revelations about the U.N.'s corrupt oil-for-food program, which has earned it the enmity of many of the Iraqi people. Annan defends the United Nations as merely the sum of its nation-state parts. Perhaps, but, in the case of oil-for-food, as in so many others, it is the lowest common denominator of the five permanent members that make up its Security Council. No one should imagine, based on past experience, that the United Nations will be any more honest, effective, or democracy-minded in Iraq than France, Russia, and China want it to be. Luckily, however, we'll probably never find out, since the United Nations—shaken by the bombing of its Baghdad headquarters last summer—won't take up the mandate Kerry wants to hand it.

KERRY HAS ALSO SUGGESTED THAT OUR Arab allies be invited to assist with the Iraqi handover. (Which of these exemplary regimes he wants to handle Iraq's transition he doesn't specify.) His suggestion echoes that of Miguel Moratinos, the new foreign minister of Spain, that, according to *The Wall Street Journal*, the present coalition be supplanted by neighboring Muslim nations. Let's be clear: Inviting Cairo and Riyadh, not to mention Damascus and Tehran, into Iraq to remake it in their authoritarian image means abandoning the prospect of a democratic Iraq that brought American troops into that country. In fact, it could even mean abandoning the prospect of a unified Iraq—since Iran, Saudi Arabia, and even Turkey would likely strengthen their religious and ethnic Iraqi allies—pulling apart Iraq's always fragile sense of nationhood and disenfranchising ethnic minorities like the Kurds. I myself have never put much faith in the possibilities of Arab democracy, but we at least have an obligation to try to recognize the effort as a noble one. Things may look grim now, but surprise in politics is no stranger to me; and, amid the present chaos and killing in Iraq, what occurs in Baghdad may yet astonish us all. But only if Iraq's immediate future remains in America's, not Kofi Annan's, hands.

MARTIN PERETZ

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Why Globalization Isn't Enough

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Over the past several years a debate has taken place between the political leaderships of the United States and Latin America over globalization. Beginning in the early 1980s most Latin American countries opened their economies to foreign trade and investment. The expectation was that this dramatic change from past policies would ignite rapid growth and cure the region's endemic poverty. The results did not match expectations. With the exception of Chile, Latin American GDP growth has been, at best, sluggish. During the 1990s real GDP per worker in Mexico and Brazil increased by only 1 percent a year, while GDP per worker in Argentina and Venezuela actually declined in real terms.

The prescription of the Bush administration for this problem, articulated at the Summit of the Americas in Monterrey, Mexico, this past January, is that Latin America needs to be even more integrated into the global economy. The U.S. government has therefore been pushing the adoption of a Free Trade Area of the Americas (FTAA). Many Latin American political elites, looking back at the experience of the 1990s, have cast strong doubts on this suggestion. Indeed, Brazilian president Luiz Inacio Lula da Silva has openly argued against the proposal, and Argentine president Nestor Kirchner and Venezuelan president Hugo Chavez have been critical not only of an FTAA but of global economic integration broadly defined.

In the ensuing debate over globalization, both sides in the debate have missed a crucial point: **openness to trade and investment is important but is not in itself a panacea.** Foreign direct investment (FDI) and openness to foreign trade help those sectors that produce tradable goods, such as automobiles, but have very little effect on sectors that produce nontradables, such as education. Moreover, the nontradable sector produces inputs for the tradable sector, meaning that, in the absence of policies that will increase the efficiency of the nontradable sector, the effects of FDI and foreign trade will be blunted.

Increasing the efficiency and competitiveness of the nontradable sector cannot be accomplished by increasing or decreasing the degree to which an economy is globalized. Such efficiency and competitiveness require domestic reforms that increase the effectiveness of domestic firms and markets.

Among the most crucial reforms are those related to Latin America's domestic financial systems, most of which are inadequate. Those industries producing nontradable goods need access to financial markets and banks in order to expand. So too do Latin American households, which need to finance investments in education, home ownership, and durable consumer goods. Unfortunately, securities markets in these countries tend to be small and thin. Most Latin American countries, even by the standards of other developing nations, tend to be underbanked (the resources of the banking sector are low compared to the demand for credit).

Solving the problem of inadequate financial intervention is therefore an important step in igniting growth in Latin America. This will require tough reforms related to accounting standards, mandatory disclosure, the rights of minority shareholders, and the openness of banking systems to competition. These steps are not only crucial but are independent of the stances countries take with respect to globalization.

—Stephen Haber

Stephen Haber is the Peter and Helen Bing Senior Fellow at the Hoover Institution. He is also the A.A. and Jeanne Welch Milligan Professor in the School of Humanities and Science and director of the Social Science History Institute at Stanford University.

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Hoover Institution Stanford University Stanford, CA 94305-6010 Tel: 877.466.8374 Fax: 650.723.1687 info@hoover.stanford.edu www.hoover.org

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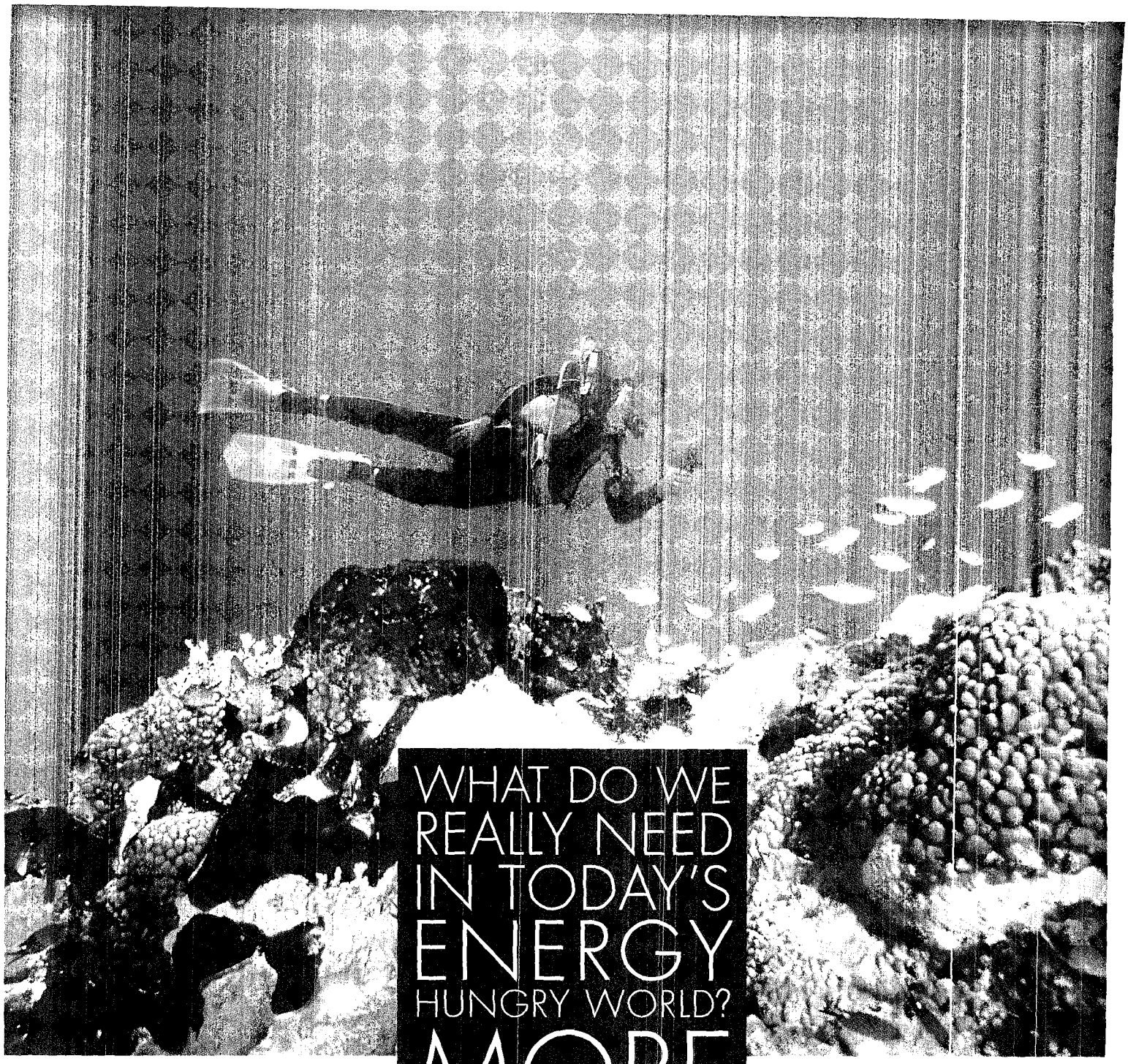

WHAT DO WE REALLY NEED IN TODAY'S ENERGY HUNGRY WORLD? MORE GARDENERS.

The Flower Gardens of the Gulf of Mexico. Home to some of the most spectacular banks of coral and sponges to be found in this part of the world.

In fact, this National Marine Sanctuary forms the most northerly reef on the U.S. continental shelf. Which is why, when Shell went looking for oil and natural gas in this region, we looked for help from Jim Ray—a marine biologist and Shell employee.

For some thirty years now, Jim and others just like him have been working to protect this magnificent area and other sensitive marine environments.

They're providing a habitat for all manner of marine life, so everyone from ecologists to schoolteachers has the opportunity to study this wonderful world firsthand.

Because at Shell, we focus on energy but that's not our only focus. To find out more, see the Shell Report at www.shell.com.

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